FIYTA Precision Technology Co., Ltd.

2026 Interim Report

August 21, 2026

Section I Important Notice, Table of Contents and Definitions

The Board of Directors, Directors, and Senior Executives of the Company guarantee that the contents of this Interim Report are true, accurate, and complete, contain no false representations, misleading statements, or material omissions, and accept individual and joint legal liability.

Zhou Jinqun, the person in charge of the Company, Song Yaoming, the Chief Financial Officer, and Jiang Haiming, the Head of Accounting Department (Accounting Supervisor), hereby declare that they guarantee the truthfulness, accuracy, and completeness of the financial report in this Interim Report.

All Directors attended the Board meeting at which this Interim Report was considered.

The forward-looking statements in this Interim Report concerning future plans, development strategies, etc. do not constitute any substantive commitment by the Company to investors. Investors are advised to be aware of the investment risks.

The risk factors that the Company may face are described in detail in this report. Please refer to the content on the risks facing the Company and the corresponding countermeasures in Section III Management Discussion and Analysis.

The Company does not plan to distribute cash dividends, issue

bonus shares, or convert capital reserve into share capital for the reporting period.

This report is prepared in both Chinese and English. In the event of any discrepancy in the interpretation of this report, the Chinese version shall prevail.

Table of Contents

Documents Available for Reference

I. Financial statements signed and stamped by the Legal Representative, Chief Financial Officer, and Head of Accounting Department.

II. Originals of all company documents and public announcements disclosed on media designated by the CSRC during the reporting period.

III. The 2026 Interim Report (Full Text) signed by the Legal Representative.

Definitions

Defined Term	Refers to	Definition
The Company, Company, FIYTA	Refers to	FIYTA Precision Technology Co., Ltd.
AVIC	Refers to	Aviation Industry Corporation of China, Ltd.
AVIC Kechuang	Refers to	AVIC Science and Technology Innovation Co., Ltd.
Shentian Technology Holding	Refers to	Shentian Technology Holding (Shenzhen) Co., Ltd.
AVIC Finance	Refers to	AVIC Finance Co., Ltd.
Hanhang Electromechanical	Refers to	Hanzhong Hanhang Electromechanical Co., Ltd.
Changkong Gear	Refers to	Shaanxi Changkong Gear Co., Ltd.
The reporting period, reporting period	Refers to	January 1, 2026 to June 30, 2026

Section II Company Profile and Financial Highlights

I. Company Profile

Stock Abbreviation	FIYTA, FIYTA B	Stock Code	000026, 200026
Stock abbreviation before change (if any)	None		
Stock Exchange for Listing	Shenzhen Stock Exchange		
Chinese Name of the Company	FIYTA Precision Technology Co., Ltd.		
Chinese Abbreviation of the Company (if any)	FIYTA		
English Name of the Company (if any)	FIYTA Precision Technology Co., Ltd.		
English Abbreviation of the Company (if any)	FIYTA		
Legal Representative of the Company	Zhou Jinqun		

II. Contact Persons and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Song Yaoming	Xiong Yaojia
Contact Address	20th Floor, FIYTA Technology Building, Gaoxin South 1st Avenue, Nanshan District, Shenzhen	20th Floor, FIYTA Technology Building, Gaoxin South 1st Avenue, Nanshan District, Shenzhen
Telephone	0755-86013669	0755-86013669
Fax	0755-83348369	0755-83348369
Email	investor@fiyta.com.cn	investor@fiyta.com.cn

III. Other Information

1. Contact Information of the Company

The registered address, office address, postal code, website, email address, etc. of the Company remained unchanged during the reporting period. For details, please refer to the 2025 Annual Report.

2. Information Disclosure and Place of Maintenance

Stock exchange website for disclosing the Interim Report	http://www.szse.cn
Media names and websites for disclosing the Interim Report	Securities Times, Hong Kong Commercial Daily, and Cninfo (www.cninfo.com.cn)
Place where the Company's annual reports are kept for inspection	Management Department of the Company (Board Office)

3. Other Relevant Information

Whether other relevant information changed during the reporting period

Not applicable

IV. Key Accounting Data and Financial Highlights

Whether the Company needs to retrospectively adjust or restate accounting data of previous years

No

	The Reporting Period	The Same Period of Last Year	Increase/decrease of the reporting period over the same period of last year
Operating revenue (RMB)	1,840,480,340.48	1,784,131,937.23	3.16%
Net profit attributable to shareholders of the listed company (RMB)	100,504,370.41	82,445,500.03	21.90%
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (RMB)	96,839,220.48	78,377,262.19	23.56%
Net cash flows from operating activities (RMB)	383,972,620.40	251,490,807.07	52.68%
Basic earnings per share (RMB/share)	0.2477	0.2034	21.78%
Diluted earnings per share (RMB/share)	0.2477	0.2034	21.78%
Weighted average return on equity (ROE)	2.98%	2.41%	0.57%
	End of the Reporting Period	End of Last Year	Increase/decrease at the end of the reporting period compared with the end of last year
Total assets (RMB)	3,731,488,593.54	3,733,401,610.34	-0.05%
Net assets attributable to shareholders of the listed company (RMB)	3,379,593,262.55	3,336,540,162.45	1.29%

V. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

1. Differences in net profit and net assets in financial reports disclosed simultaneously under IFRS and CAS

Not applicable

2. Differences in net profit and net assets in financial reports disclosed simultaneously under foreign accounting standards and CAS

Not applicable

VI. Non-recurring Profit or Loss Items and Amounts

Unit: RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets (including write-off of accrued asset impairment provisions)	474,063.48	
Government grants recognized in current profit or loss (excluding those closely related to the Company's normal operating business, complying with national policies and regulations, enjoyed in accordance with established standards, and having a continuing impact on the Company's profit or loss)	1,916,497.10	
Fair value change gains and losses arising from holding financial assets and financial liabilities by non-financial enterprises and gains and losses from disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	394,557.22	
Reversal of impairment provision for receivables tested for impairment individually	1,390,273.53	
Other non-operating income and expenses other than the above items	252,866.81	
Less: Income tax effect	763,108.21	
Total	3,665,149.93	

Specific circumstances of other profit or loss items that meet the definition of non-recurring profit or loss:

Not applicable

Explanation of defining non-recurring profit or loss items listed in "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public — Non-recurring Profit or Loss" as recurring profit or loss items

Not applicable

Section III Management Discussion and Analysis

I. Principal Businesses of the Company During the Reporting Period

(I) Principal Business Activities

The Company's founding and development are rooted in aviation precision technology and materials science. Guided by the mission of "carrying forward the spirit of 'aviation serving the nation' and creating a quality life," the Company has dedicated itself to the horology industry for many years. It has established a core business structure characterized by the synergy between its proprietary watch brands and comprehensive luxury watch services. The Company is committed to becoming a leader in China's watch industry while promoting aviation culture and Chinese culture. In recent years, leveraging its precision technology and industrial expertise, and adhering to the principles of "technology homology, industrial synergy, and value alignment," the Company has strategically cultivated emerging businesses in precision technology and actively promoted technological innovation and business transformation.

The Company has continuously built its capabilities in professional watchmaking and brand operations, establishing a full industry chain covering research and development, design, manufacturing, and sales. It owns proprietary watch brands such as "FIYTA" and "Emile Chouriet," as well as the licensed brand "Beijing," covering market segments ranging from mid-to-high-end and mass-market to fashion. The core brand "FIYTA" is positioned on the integration of "aviation precision + oriental aesthetics," adhering to the application of aviation technology and materials while incorporating oriental aesthetic design concepts to build a differentiated national brand.

To capitalize on opportunities in the domestic luxury watch market, the Company launched "Harmony" a comprehensive service channel for luxury timepieces. Harmony specializes in the distribution and servicing of world-renowned watches and has established close partnerships with numerous high-end and mainstream luxury watch brands. Committed to becoming "the premier comprehensive service provider for luxury watches," Harmony has become one of the leading high-end professional watch retail chains in China, distinguished by its solid operational management, customer service capabilities, and best practices adopted from leading international brand operations.

To seize opportunities in emerging industries, the Company has increased investments in precision technology capabilities. It has gradually developed comprehensive capabilities in the design, development, and manufacturing of precision components. While consolidating its existing businesses in lasers and optical communications, the Company is strategically targeting key sectors such as robotics to accelerate the development of its emerging business portfolio.

(II) Industry Overview

In the first half of 2026, China's total retail sales of consumer goods increased by 1.3% year-on-year, with the share of service consumption continuing to rise and structural divergence in consumption upgrades becoming more pronounced. The domestic watch consumption industry, in which the Company operates, remained under pressure due to weak consumer demand. According to data from the Federation of the Swiss Watch Industry, the total value of Swiss watch exports to mainland China decreased by 5.0% year-on-year from January to June.

Meanwhile, the high-tech manufacturing sector—toward which the Company is transforming—has maintained robust growth. According to the National Bureau of Statistics, the value-added output of large-scale high-tech manufacturing enterprises increased by 13.3% year-on-year in the first half of the year. The rapid development of artificial intelligence-related industries has driven up demand across industrial chains such as robot reducers, with the output of robot reducers surging by 57.3% year-on-year during the January–June period.

2、Core Competitiveness Analysis

(I) End-to-End Brand Operation and Management Capabilities Across the Entire Industrial Chain

The Company possesses fully integrated operational management capabilities spanning R&D, design, manufacturing, sales, and service. Through resource integration and business synergy, it continuously reinforces the differentiated brand identity and market competitiveness of its core proprietary brand, "FIYTA". During the reporting period, the "FIYTA" brand was awarded the title of "Pioneer Brand" for FY2026 by Tmall and named "Consumers' Favorite Brand of 2025" by JD.com.

(II) Omnichannel Refined Operational Management Capabilities

The Company boasts refined channel operational capabilities. By pursuing high-quality development of offline channels and steadily advancing online-offline integration, channel structure has been continuously optimized, and operational efficiency has steadily improved. It has established a multi-dimensional channel network covering both online and offline channels across domestic and overseas markets.

(III) Core Technical Capabilities in Precision Technology

As a National Demonstration Enterprise for Technological Innovation, the Company hosts a National Corporate Technology Center and a National Industrial Design Center. Leveraging its expertise in watch movements and aerospace timing equipment, it has developed micron-level ultra-precision manufacturing processes and possesses strong capabilities in small-size, high-precision component manufacturing and solution provision. The Company has also achieved independent R&D and mass production capabilities for medium- and small-modulus gears and precision reducers. Its core products are primarily applied in robotics, lasers, optical communications, aerospace, and other advanced industrial sectors.

(IV) High-Efficiency Digitalized Operational Management Capabilities

The Company possesses diversified digital retail systems and digital management platforms that empower operations and employees. By continuously deepening digital applications across management, manufacturing, sales, and customer service, it fosters cross-business synergies and enhances operational efficiency.

(V)Professional Talent Pool Building Capabilities

Based on the philosophy of "Value Creation", the Company continuously invests in workforce building, maintaining a sound talent selection, cultivation, and promotion system, as well as a professional and stable talent pool. Through innovative incentive mechanisms and diverse incentive tools, it has fostered numerous industry-leading professionals in core areas such as design, R&D, and manufacturing.

3. Analysis of Principal Businesses

Overview

In the first half of 2026, situated in a pivotal phase of transformation and upgrading, the Company focused on talent development, precision manufacturing, and digitalization, continuously enhanced organizational capabilities, deepened its core watch business, and accelerated strategic layout in emerging industries. During the reporting period, the Company achieved operating revenue of RMB 1,840.4803 million, up 3.16% year-on-year; total profit was RMB 131.6645 million, up 24.73% year-on-year. Meanwhile, the Company deepened structural adjustments, strengthened risk control, and steadily improved operational efficiency, with inventory balance decreasing by RMB 265.4821 million from the end of last year.

During the reporting period, the Company's primary operational initiatives were as follows:

(I)Consolidating the fundamentals of the watch business, optimizing business structure, and enhancing operating quality and efficiency

"FIYTA" defined its brand positioning as "Aviation Precision + Oriental Aesthetics", continually cultivating brand differentiation. It optimized product structure, enhanced innovative product design, launched new product series such as "Chinese Ginkgo" and "Oriental Beauty", and steadily advanced product and brand rejuvenation. It optimized store portfolio, focusing on increasing store productivity of flagship offline stores, strictly managing ROI online, and strengthening refined operations. It executed integrated marketing campaigns, hosting nationwide dual-theme roadshows featuring Aviation Precision and Oriental Aesthetics, celebrity events, and Ru porcelain cultural crossover IP collaborations, enhancing omnichannel brand influence.

"Harmony" focused deeply on top-tier brands and prime channels, practiced lean operations, and tightened inventory risk control, achieving substantial improvements in inventory turnover and asset efficiency. By deepening customer service, the Company achieved a marked increase in repeat purchase volume from existing customers, further strengthening customer loyalty.

(II) Accelerating the Development of Emerging Businesses, Increasing Key Investments, and Building Core Capabilities

Building on its existing precision technology business, the Company is focusing on emerging sectors such as robotics, pursuing a premium, high-impact strategy. It is establishing a core talent pipeline and dedicated product lines for precision manufacturing and robotics to solidify its capability foundation. By strengthening internal and external resource coordination, the Company is prioritizing the development of core products and key customer accounts to secure an early-mover advantage in its business layout. As of the disclosure date, the Company has completed the 100% equity acquisition of Changkong Gear. It is steadily advancing deep integration and business empowerment, leveraging Changkong Gear’s technological expertise and product strengths in precision gears and precision reducers to accelerate the development of its robotics business.

(III) Comprehensively Strengthening Organizational Capabilities, Building a High-Caliber Talent Pool, and Enhancing Management Effectiveness

The Company adheres to a talent- and management-driven approach to improve business quality and efficiency. Aligning with its business development strategy, it has refined its systems for talent acquisition, integration, and development, bringing in specialized professionals for key roles in R&D, production, process engineering, and marketing. The Company has improved its closed-loop management mechanism covering strategic formulation, decomposition, and performance evaluation to ensure the effective execution of strategic objectives. It is advancing integrated control and functional support functions while deepening the integration of business and finance operations. Additionally, digital transformation initiatives in production and operations are being implemented to enhance overall operational efficiency.

Year-on-Year Changes in Major Financial Data

Unit: RMB

	The Reporting Period	The Same Period of Last Year	YoY change	Reason for change
Operating revenue	1,840,480,340.48	1,784,131,937.23	3.16%	Not applicable
Operating costs	1,196,202,821.77	1,149,808,611.57	4.03%	Not applicable
Selling expenses	360,654,255.33	392,808,032.65	-8.19%	Not applicable
Administrative expenses	95,354,788.74	89,971,510.01	5.98%	Not applicable
Financial expenses	3,035,440.88	5,640,080.29	-46.18%	Mainly due to the decrease in interest on borrowings and the impact of foreign exchange gains during the reporting period.

Income tax expense	31,160,140.78	23,115,165.73	34.80%	Mainly due to the increase in total profit during the reporting period.
R&D investment	40,717,396.64	33,087,871.33	23.06%	Not applicable
Net cash flows from operating activities	383,972,620.40	251,490,807.07	52.68%	Mainly due to the increase in sales receipts and the decrease in inventory purchases during the reporting period.
Net cash flows from investing activities	-261,963,522.13	-40,364,724.39	-548.99%	Mainly due to the payment for equity acquisition and the impact of time deposit activities during the reporting period.
Net cash flows from financing activities	-94,859,977.01	-191,150,697.48	50.37%	Mainly due to the year-on-year decrease in cash dividend distribution during the reporting period.
Net increase in cash and cash equivalents	26,541,299.16	20,352,756.48	30.41%	Mainly due to the combined effect of the above factors.

Significant changes in the Company's profit composition or profit sources during the reporting period

Not applicable

Composition of Operating Revenue

Unit: RMB

	The Reporting Period		The Same Period of Last Year		YoY change
	Amount	Proportion of Operating Revenue	Amount	Proportion of Operating Revenue	
Total operating revenue	1,840,480,340.48	100%	1,784,131,937.23	100%	3.16%
By Industry					
Watch business	1,691,696,415.16	91.92%	1,659,610,629.02	93.02%	1.93%
Precision technology business	79,085,973.27	4.30%	60,465,539.30	3.39%	30.80%
Leasing business	52,916,447.44	2.88%	57,835,071.51	3.24%	-8.50%
Other	16,781,504.61	0.90%	6,220,697.40	0.35%	169.77%
By Product					
Watch brand business	252,452,120.62	13.72%	315,109,112.17	17.66%	-19.88%
Comprehensive luxury watch service business	1,439,244,294.54	78.20%	1,344,501,516.85	75.36%	7.05%
Precision technology business	79,085,973.27	4.30%	60,465,539.30	3.39%	30.80%
Leasing business	52,916,447.44	2.88%	57,835,071.51	3.24%	-8.50%
Other	16,781,504.61	0.90%	6,220,697.40	0.35%	169.77%
By Region					
South China	846,839,128.62	46.01%	806,381,444.29	45.20%	5.02%
Northwest China	255,622,443.68	13.89%	248,784,340.56	13.94%	2.75%
North China	67,720,684.71	3.68%	51,669,800.71	2.90%	31.06%
East China	152,531,098.84	8.29%	228,872,072.10	12.83%	-33.36%
Northeast China	181,784,914.65	9.88%	162,388,661.36	9.10%	11.94%
Southwest China	335,982,069.98	18.25%	286,035,618.21	16.03%	17.46%

Industries, products, or regions accounting for over 10% of the Company's operating revenue or operating profit

Unit: RMB

	Operating revenue	Operating costs	Gross profit margin	YoY change in operating revenue	YoY change in operating costs	YoY change in gross profit margin
By Industry						
Watch business	1,691,696,415.16	1,103,017,338.82	34.80%	1.93%	2.35%	-0.27%
Leasing business	52,916,447.44	16,753,851.32	68.34%	-8.50%	0.56%	-2.85%
By Product						
Watch brand business	252,452,120.62	70,365,782.78	72.13%	-19.88%	-27.51%	2.93%
Comprehensive luxury watch service business	1,439,244,294.54	1,032,651,556.04	28.25%	7.05%	5.31%	1.19%
Leasing business	52,916,447.44	16,753,851.32	68.34%	-8.50%	0.56%	-2.85%
By Region						
South China	846,839,128.62	546,188,552.47	35.50%	5.02%	7.77%	-1.65%
Northwest China	255,622,443.68	165,765,219.64	35.15%	2.75%	3.70%	-0.60%
North China	67,720,684.71	41,875,442.33	38.16%	31.06%	40.74%	-4.25%
East China	152,531,098.84	94,900,877.97	37.78%	-33.36%	-38.28%	4.97%
Northeast China	181,784,914.65	127,934,009.81	29.62%	11.94%	12.59%	-0.40%
Southwest China	335,982,069.98	219,538,719.55	34.66%	17.46%	18.04%	-0.32%

If the statistical scope of the Company's principal business data was adjusted during the reporting period, the Company's principal business data for the most recent period adjusted according to the scope at the end of the reporting period

Not applicable

4. Analysis of Non-Principal Businesses

Not applicable

V. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of the Reporting Period		End of last year		Change in proportion	Significant change Description
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Cash and cash equivalents	657,780,338.81	17.63%	631,239,039.65	16.91%	0.72%	Not applicable
Accounts receivable	264,290,477.99	7.08%	249,868,540.94	6.69%	0.39%	Not applicable
Contract	0.00	0.00%	0.00	0.00%	0.00%	Not

	End of the Reporting Period		End of last year		Change in proportion	Significant change Description
	Amount	Proportion of total assets	Amount	Proportion of total assets		
assets						applicable
Inventories	1,462,500,282.14	39.19%	1,727,982,404.66	46.28%	-7.09%	Not applicable
Investment properties	301,443,999.00	8.08%	308,270,580.37	8.26%	-0.18%	Not applicable
Long-term equity investments	46,672,153.60	1.25%	46,436,556.86	1.24%	0.01%	Not applicable
Fixed assets	337,417,287.88	9.04%	343,353,998.15	9.20%	-0.16%	Not applicable
Construction in progress	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Right-of-use assets	62,048,131.85	1.66%	72,791,092.06	1.95%	-0.29%	Not applicable
Short-term borrowings	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Contract liabilities	18,121,608.21	0.49%	16,450,934.50	0.44%	0.05%	Not applicable
Long-term borrowings	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Lease liabilities	14,736,464.18	0.39%	17,892,390.31	0.48%	-0.09%	Not applicable

2. Major Overseas Assets

Not applicable

3. Assets and Liabilities Measured at Fair Value

Not applicable

4. Restricted Asset Rights as of the End of the Reporting Period

Not applicable

VI. Investment Analysis

1. Overview

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Change rate
0.00	0.00	0.00%

2. Significant Equity Investments Acquired During the Reporting Period

Not applicable

3. Significant Non-Equity Investments in Progress During the Reporting Period

Not applicable

4. Financial Asset Investments

(1) Securities Investments

Not applicable

(2) Derivative Investments

Not applicable

5. Use of Proceeds

Not applicable

VII. Material Asset and Equity Sales

1. Material Asset Sales

Not applicable

2. Material Equity Sales

Not applicable

VIII. Analysis of Major Subsidiaries and Investees

Major subsidiaries and investees with an impact of 10% or more on the Company's net profit

Unit: RMB

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Harmony World Watch Center Co., Ltd.	Subsidiary	Purchase and sale of watches and spare parts; maintenance services.	600,000,000.00	1,510,748,441.66	1,036,048,068.31	1,401,274,553.21	145,504,094.51	108,609,608.49
Shenzhen FIYTA Precision Technology Co., Ltd.	Subsidiary	Manufacturing and production of watches and spare parts.	180,000,000.00	290,181,712.22	210,416,998.96	117,988,263.07	-16,327,030.04	-11,538,906.53
Shenzhen FIYTA Technology	Subsidiary	Production and processing of precision	50,000,000.00	197,918,381.84	167,690,988.10	76,052,654.71	-1,385,197.59	-472,770.61

Development Co., Ltd.		components.						
FIYTA Sales Co., Ltd.	Subsidiary	Sale of watches and spare parts.	450,000,000.00	428,846,156.44	322,416,703.75	162,992,457.28	3,886,286.13	2,966,844.34

Acquisition and Disposal of Subsidiaries During the Reporting Period

Not applicable

Description of Major Subsidiaries and Investees

1. Net profit of Shenzhen Harmony World Watch Center Co., Ltd. increased by RMB 41,674,794.50 year-on-year, mainly due to the growth in luxury watch sales revenue and the reduction in period expenses during the reporting period.

IX. Structured Entities Controlled by the Company

Not applicable

X. Risks Facing the Company and Countermeasures

1. Consumer Market Risk

Currently, the Company faces market risks arising from softened demand in the domestic traditional watch consumer market. The Company will continue to build differentiated proprietary brands, optimize brand, product, and channel structures, adhere to customer-oriented strategies, consolidate refined operations and customer services, and enhance customer recognition. Concurrently, it will increase resource allocation and capability development in emerging industries, driving strategic transformation, upgrading, and business growth.

2. Core Technology Risk

Currently, the Company faces technological challenges across multiple fields, including traditional watchmaking, emerging industries, and digital applications. In response, the Company will increase investment in core technical talent and digitalization, strengthening frontier technological breakthroughs and practical applications in proprietary movement R&D, key component manufacturing, specialized precision manufacturing lines, and digital factory construction, thereby driving technological innovation and business growth.

XI. Formulation and Implementation of Market Value Management System and Valuation Enhancement Plan

Whether the Company has formulated a market value management system.

Yes

Whether the Company has disclosed a valuation enhancement plan.

No

The 13th meeting of the 11th Board of Directors held on January 29, 2026 reviewed and approved the "Proposal on Formulating the Company's <Market Value Management System>". To strengthen market value management, promote the enhancement of investment value, and boost investor returns, the Company formulated the "Market Value Management System" in accordance with regulations such as the "Regulatory Guidelines for Listed Companies No. 10 — Market Value Management". For details, please refer to the full text of the system disclosed on Cninfo on January 31, 2026.

XII. Implementation of the Action Plan for "Dual Enhancement of Quality and Return"

Whether the Company has disclosed the announcement on the Action Plan for "Dual Enhancement of Quality and Return".

No

Section IV Corporate Governance, Environmental and Social Responsibilities

I. Changes in Directors and Senior Executives of the Company

Name	Position Held	Type	Date	Reason
Huang Kai	Director	Elected	May 20, 2026	Elected as a non-independent director of the 11th Board of Directors by the 2025 Annual General Meeting.
Chen Han	Independent Director	Elected	July 10, 2026	Elected as an independent director of the 11th Board of Directors by the First Extraordinary General Meeting of 2026.
Zhang Haohai	Deputy General Manager	Appointed	June 22, 2026	Appointed as Deputy General Manager at the 17th meeting of the 11th Board of Directors.
Song Yongkang	Deputy General Manager	Appointed	June 22, 2026	Appointed as Deputy General Manager at the 17th meeting of the 11th Board of Directors.
Yuan Tianbo	General Counsel	Appointed	June 22, 2026	Appointed as General Counsel at the 17th meeting of the 11th Board of Directors.
Pan Bo	Director and General Manager	Resigned	June 22, 2026	Resigned from the positions of Director of the 11th Board of Directors and General Manager due to work reasons.
Li Peiyin	Director	Resigned	March 12, 2026	Resigned from the position of Director of the 11th Board of Directors due to work reasons.
Wang Susheng	Independent Director	Resigned	July 10, 2026	Resigned from the position of Director of the 11th Board of Directors due to work reasons.
Lu Wanjun	General Counsel	Resigned	June 22, 2026	Resigned from the position of General Counsel due to work reasons.
Tang Haiyuan	Deputy General Manager	Resigned	March 27, 2026	Resigned from the position of Deputy General Manager due to personal reasons.

II. Profit Distribution and Conversion of Capital Reserve into Share Capital During the Reporting Period

The Company does not plan to distribute cash dividends, issue bonus shares, or convert capital reserve into share capital for the reporting period.

III. Implementation of Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Measures

Not applicable

IV. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises subject to mandatory

disclosure of environmental information
No

V. Social Responsibility

The Company has actively fulfilled its corporate social responsibilities over the years. For details on recent developments, please refer to the "2025 Environmental, Social and Governance (ESG) Report" disclosed on Cninfo (www.cninfo.com.cn) on March 14, 2026.

Section V Significant Events

I. Commitments Completed During the Reporting Period and Overdue Commitments as of the End of the Reporting Period by De Facto Controllers, Shareholders, Related Parties, Acquirers, the Company, and Other Related Parties

Not applicable

II. Non-Operating Capital Occupation by Controlling Shareholders and Other Related Parties

Not applicable

III. Non-Compliant External Guarantees

Not applicable

IV. Appointment and Dismissal of Accounting Firm

Whether the interim financial report has been audited

No

V. Explanations of the Board of Directors on the "Non-Standard Audit Report" Issued by the Accounting Firm for the Reporting Period

Not applicable

VI. Explanations of the Board of Directors on Matters Related to the "Non-Standard Audit Report" of the Previous Year

Not applicable

VII. Matters Related to Bankruptcy Reorganization

Not applicable

VIII. Litigation Matters

Material Litigation and Arbitration

Not applicable

Other Litigation Matters

Not applicable

IX. Penalties and Rectifications

Not applicable

X. Integrity Status of the Company and Its Controlling Shareholder and De Facto Controller

Not applicable

XI. Material Related-Party Transactions

1. Related-Party Transactions Related to Daily Operations

Not applicable

2. Related-Party Transactions from Asset or Equity Acquisition and Disposal

Related Party	Related-party relationship	Type of related-party transaction	Content of related-party transaction	Pricing principle of related-party transaction	Carrying amount of transferred assets (RMB 10,000)	Appraised value of transferred assets (RMB 10,000)	Transfer price (RMB 10,000)	Settlement method of related-party transaction	Gain/loss on transaction (RMB 10,000)	Disclosure date	Disclosure index
AVIC, Hanhang Electromechanical	AVIC is the Company's de facto controller, and Hanhang Electromechanical is a controlled subsidiary of AVIC.	Equity acquisition	The Company intends to acquire a 100% equity interest in Changkong Gear held jointly by AVIC and Hanhang Electromechanical.	The transaction price was determined based on the appraised net asset value of Changkong Gear as of the evaluation benchmark date of December 31, 2025 (RMB 339.6904 million), as set out in the Asset Valuation Report (Zhong Tong Hua Ping Bao Zi [2026] No. 020289) issued by Beijing Zhongtonghua Assets Appraisal Co.,	27,279.79	33,969.04	32,479.04	Cash	0	April 30, 2026	https://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000026&stockCode=000026&announcementId=1225262620&announcementTime=2026-04-30

<table>
<tr><td></td><td></td><td></td><td></td><td>Ltd. and filed with the state-owned assets supervision authority. After deducting the Shaanxi Provincial state-owned exclusive capital reserve of RMB 14.90 million, the 100% equity valuation of Changkong Gear was fixed at RMB 324.7904 million.</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="4">Reasons for significant differences between transfer price and book value or appraised value (if any)</td><td colspan="8">Not applicable.</td></tr>
<tr><td colspan="4">Impact on the Company's Operating Results and Financial Position</td><td colspan="8">This transaction constitutes a business combination under common control and will not change the accounting treatment of Changkong Gear. Upon completion of the transaction, Changkong Gear becomes a wholly-owned subsidiary of the Company and is included in the consolidated financial statements.</td></tr>
<tr><td colspan="4">Performance fulfillment during the reporting period if performance commitments are involved</td><td colspan="8">Not applicable.</td></tr>
</table>

Note: As of June 30, 2026, the acquisition of 100% equity in Changkong Gear had not been completed. On July 14, 2026, the Company completed the acquisition of 100% equity in Changkong Gear. Changkong Gear completed the industrial and commercial registration of changes for the equity transfer and obtained the "Business License" issued by the Administrative Approval Service Bureau of Nanzheng District, Hanzhong City. For details, please refer to the "Announcement on the Completion of Industrial and Commercial Registration of Changes for the Acquisition of 100% Equity in Shaanxi Changkong Gear Co., Ltd. and Related-Party Transaction 2026-033" disclosed on Cninfo (www.cninfo.com.cn) on July 15, 2026.

3. Related-Party Transactions of Joint External Investment

Not applicable

4. Related-Party Claims and Debts

Not applicable

5. Transactions with Associated Finance Companies

Deposit Business

<table>
<tr><th rowspan="2">Related Party</th><th rowspan="2">Related-party relationship</th><th rowspan="2">Maximum daily deposit limit (RMB</th><th rowspan="2">Deposit interest rate range</th><th rowspan="2">Beginning balance (RMB 10,000)</th><th colspan="2">Amount incurred in current period</th><th rowspan="2">Ending balance (RMB 10,000)</th></tr>
<tr><th>Total deposit</th><th>Total withdrawal</th></tr>
</table>

		10,000)			amount in current period (RMB 10,000)	amount in current period (RMB 10,000)	
AVIC Finance	Under control of the same ultimate party	100,000	0.15%-0.85%	55,255	286,888	279,573	62,570

Loan Business

Related Party	Related-party relationship	Loan credit line (RMB 10,000)	Loan interest rate range	Beginning balance (RMB 10,000)	Amount incurred in current period		Ending balance (RMB 10,000)
					Total loan amount in current period (RMB 10,000)	Total repayment amount in current period (RMB 10,000)	
AVIC Finance	Under control of the same ultimate party	80,000	Not higher than the 1-year LPR	0	0	0	0

Credit Facility or Other Financial Services

During the reporting period, the maximum daily balance of deposits and loans between the Company and AVIC Finance did not exceed the limits specified in the Financial Services Agreement. No credit facilities or other financial business occurred. Concurrently, the Company issues an interim "Risk Continuous Assessment Report on Related-Party Deposits and Loans with AVIC Finance Co., Ltd.".

6. Transactions Between Finance Companies Controlled by the Company and Related Parties

Not applicable

7. Other Significant Related-Party Transactions

The 14th meeting of the 11th Board of Directors held on March 12, 2026 and the 16th meeting of the 11th Board of Directors held on April 29, 2026 respectively reviewed and approved the "Proposal on the Expected Daily Related-Party Transactions for 2026" and the "Proposal on Increasing the Expected Daily Related-Party Transactions for 2026". The above proposals were approved at the 2025 Annual General Meeting held on May 20, 2026. During the reporting period, the cumulative transaction amounts of various related-party transactions associated with daily operations were within the estimated annual limits.

Relevant Inquiries on Websites Disclosing Temporary Reports on Significant Related-Party Transactions

Title of Temporary Announcement	Disclosure Date of Temporary Announcement	Website for Disclosing Temporary Announcement
Announcement on Resolutions of the 14th Meeting of the 11th Board of Directors 2026-002	March 14, 2026	http://www.cninfo.com.cn/
Announcement on Expected Daily Related-Party Transactions for 2026 2026-009	March 14, 2026	http://www.cninfo.com.cn/
Announcement on Resolutions of the 16th Meeting of the 11th Board of Directors 2026-016	April 30, 2026	http://www.cninfo.com.cn/

Announcement on Increasing the Expected Daily Related-Party Transactions for 2026 2026-018	April 30, 2026	http://www.cninfo.com.cn/
Announcement on Resolutions of 2025 Annual General Meeting 2026-024	May 21, 2026	http://www.cninfo.com.cn/

XII. Material Contracts and Their Performance

1. Custody, Contracting, and Leasing Matters

(1) Custody

Not applicable

(2) Contracting

Not applicable

(3) Leasing

Not applicable

2. Material Guarantees

Unit: RMB 10,000

External Guarantees of the Company and Its Subsidiaries (Excluding Guarantees for Subsidiaries)										
Name of guaranteed party	Disclosure date of announcement on guarantee credit line	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled completely	Whether it is a related-party guarantee
Not applicable										
Total approved external guarantee limit during the reporting period (A1)		0		Total actual amount of external guarantees during the reporting period (A2)		0				
Total approved external guarantee limit at the end of the reporting period (A3)		0		Total actual balance of external guarantees at the end of the reporting period (A4)		0				
Guarantees Provided by the Company to Subsidiaries										
Name of guarant	Disclosure date of	Guarantee limit	Actual occurrence	Actual guarantee	Guarantee type	Collateral (if	Counter-guarant	Guarantee	Whether fulfilled	Whether it is a related-

eed party	announcement on guarantee credit line		date	amount		any)	ee (if any)	period	completely	party guarantee
Shenzhen Harmony World Watch Center Co., Ltd.	March 14, 2025	30,000	December 30, 2025	9,000	Joint and several liability guarantee		Counter-guarantee provided by the guaranteed party	One year	No	No
Total approved guarantee limit for subsidiaries during the reporting period (B1)		30,000		Total actual guarantee amount for subsidiaries during the reporting period (B2)						0
Total approved guarantee limit for subsidiaries at the end of the reporting period (B3)		30,000		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)						9,000
Guarantees Provided by Subsidiaries to Subsidiaries										
Name of guaranteed party	Disclosure date of announcement on guarantee credit line	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled completely	Whether it is a related-party guarantee
Not applicable										
Total approved guarantee limit for subsidiaries during the reporting period (C1)		0		Total actual guarantee amount for subsidiaries during the reporting period (C2)						0
Total approved guarantee limit for subsidiaries at the end of the reporting period (C3)		0		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)						0
Total Guarantee Amount of the Company (Total of the First Three Items)										
Total approved guarantee limit		30,000		Total actual guarantee amount						0

during the reporting period (A1+B1+C1)		during the reporting period (A2+B2+C2)	
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)	30,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	9,000
Proportion of total actual guarantee amount (A4+B4+C4) to the Company's net assets		2.66%	
Including:			
Balance of guarantees provided to shareholders, de facto controller, and related parties (D)		0	
Balance of debt guarantees provided directly or indirectly to guaranteed entities with an asset-liability ratio exceeding 70% (E)		0	
Amount of total guarantees exceeding 50% of net assets (F)		0	
Total amount of the above three guarantee items (D+E+F)		0	
Explanations on guarantee liabilities incurred during the reporting period or evidence indicating possible joint and several repayment liabilities for unexpired guarantee contracts (if any)		Not applicable	
Explanation of non-compliant external guarantees (if any)		Not applicable	

Specific explanations on combined guarantees

Not applicable

3. Entrusted Wealth Management

Not applicable

4. Other Material Contracts

Not applicable

XIII. Registration Form of Research, Communication, Interviews and Other Activities During the Reporting Period

Reception Date	Reception Location	Reception Method	Type of Visitors	Visitors	Main Topics Discussed and Materials Provided	Basic Information Index of Research
January 9, 2026	Conference Room, FIYTA	On-site research	Institution	Changan Fund Management Co., Ltd., Orient Securities Co., Ltd., Cinda Australasia Fund	Company operations, development	https://irm.cninfo.com.cn/ircs/search?key

	Technology Building			Management Co., Ltd., Essence Fund Management Co., Ltd., First Seafront Fund Management Co., Ltd., China Fortune Securities Co., Ltd., Hongming Capital.	plans, acquisition project progress, etc.	word=000026
January 22, 2026	Conference Room, FIYTA Technology Building	On-site research	Institution	Guotai Haitong Securities Co., Ltd., East Money Securities Co., Ltd., First Capital Securities Co., Ltd., Shenzhen Mawang Investment Group Co., Ltd., Ruizhi Fund.	Company operations, development plans, acquisition project progress, etc.	https://irm.cninfo.com.cn/ircs/search?keyword=000026
March 25, 2026	https://eseb.cn/1wu0ClV7w9q	Online communication via network platform	Other	Investors participating remotely online in the Company's 2025 Online Performance Briefing.	Company operations, development plans, acquisition project progress, etc.	https://irm.cninfo.com.cn/ircs/search?keyword=000026
April 3, 2026	Conference Room, FIYTA Technology Building	On-site research	Institution	Huisheng Fund Management Co., Ltd., Zhongtian Securities Co., Ltd., Shenzhen Chuanghua Investment Consulting Co., Ltd.	Company operations, development plans, acquisition project progress, etc.	https://irm.cninfo.com.cn/ircs/search?keyword=000026
May 28, 2026	Conference Room, FIYTA Technology Building	On-site research	Institution	Guosen Securities Co., Ltd., Huachuang Securities Co., Ltd., Ping An Asset Management Co., Ltd., GF Securities Co., Ltd. Orient Securities Co., Ltd., Penghua Fund Management Co., Ltd., Western Securities Co., Ltd., Huaxi Securities Co., Ltd., Sealand Securities Co., Ltd., Caitong Securities Co., Ltd., Zheshang Securities Co., Ltd., Rongtong Fund Management Co., Ltd., Shanxi Securities Co., Ltd., Tianfeng Securities Co., Ltd., Shenwan Hongyuan Securities Co., Ltd., Xinjiang Qianhai United Fund Management Co., Ltd., Kaiyuan Securities Asset Management Co., Ltd., Quango Fund Management Co., Ltd., Shenzhen Hengbang Zhaofeng Asset Management Co., Ltd., Shenzhen Gaoshengxin Private Securities Fund Management Co., Ltd., Shenzhen Qianrong Private Securities Investment Fund Co., Ltd., Shenzhen Kangruitong Investment Management Co., Ltd., Guangzhou Xinmiao Private Securities Investment Fund Management Co., Ltd., Shenzhen	Company operations, development plans, acquisition project progress, etc.	https://irm.cninfo.com.cn/ircs/search?keyword=000026

				Huaqi Capital Partnership (Limited Partnership), Hainan Daohe Private Equity Fund Management Co., Ltd.		

XIV. Description of Other Material Events

Not applicable

XV. Material Events of Subsidiaries

Not applicable

Section VI Changes in Shares and Shareholder Information

I. Changes in Shares

1. Statement of Changes in Shares

Unit: Share

	Before the change		Increase/decrease (+, -)					After the change	
	Quantity	Proportion	Issuance New shares	Bonus shares	Conversion of capital reserve into shares	Other	Subtotal	Quantity	Proportion
I. Restricted shares	622,340	0.15%	0	0	0	122,914	122,914	745,254	0.18%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	622,340	0.15%	0	0	0	122,914	122,914	745,254	0.18%
Including: Domestic legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person shares	622,340	0.15%	0	0	0	122,914	122,914	745,254	0.18%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign legal person shares	0	0.00%	0	0	0	0	0	0	0.00%

Foreign natural person shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	405,141,667	99.85%	0	0	0	-122,914	-122,914	405,018,753	99.82%
1. RMB ordinary shares (A shares)	364,560,733	89.85%	0	0	0	-122,914	-122,914	364,437,819	89.82%
2. Domestically listed foreign shares (B shares)	40,580,934	10.00%	0	0	0	0	0	40,580,934	10.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	405,764,007	100.00%	0	0	0	0	0	405,764,007	100.00%

Reason for share changes

During the reporting period, due to adjustments in transferable quotas for outgoing executives, restricted shares increased by 122,914 shares (with a corresponding decrease in unrestricted shares), while the Company's total share capital remained unchanged.

Approval of share changes

Not applicable

Transfer of share changes

Not applicable

Implementation progress of share repurchase

Not applicable

Progress of reducing repurchased shares via centralized bidding

Not applicable

Impact of share changes on basic and diluted earnings per share, net assets per share attributable to ordinary shareholders, and other financial indicators for the most recent year and the latest period

Not applicable

Other information deemed necessary by the Company or required by securities regulatory authorities

Not applicable

2. Changes in Restricted Shares

Unit: Share

Name of shareholder	Beginning of period Number of restricted shares	Unlocked in current period Number of restricted shares	Increased in current period Number of restricted shares	End of period Number of restricted shares	Reason for lock-up	Date of unlocking
Pan Bo	172,537	0	57,513	230,050	Locked shares of outgoing executives	Not applicable
Lu Wanjun	120,037	0	40,013	160,050	Locked shares of outgoing executives	Not applicable
Li Ming	120,067	0	0	120,067	Executive locked shares	Not applicable
Liu Xiaoming	120,037	0	0	120,037	Executive locked shares	Not applicable
Tang Haiyuan	80,662	0	26,888	107,550	Locked shares of outgoing executives	Not applicable
Hu Jing	9,000	1,500	0	7,500	Locked shares of outgoing supervisors	Unlocked in accordance with relevant laws and regulations governing supervisor locked shares.
Total	622,340	1,500	124,414	745,254	--	--

II. Issuance and Listing of Securities

Not applicable

III. Number of Shareholders and Shareholding Status

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	29,296	Total number of preferred shareholders with restored voting rights at the end of the reporting period (if any) (see Note 8)	0

Shareholding of shareholders holding 5% or more shares or the top 10 shareholders (excluding shares lent via refinancing)								
Name of shareholder	Nature of shareh older	Shareho lding percenta ge	Number of shares held at the end of the	Increase/d ecrease during the reporting	Number of restricted shares held	Number of unrestricted shares held	Pledged, marked, or frozen status	
							Share status	Quanti

			reporting period	period				ty
Shentian Technology Holding (Shenzhen) Co., Ltd.	State-owned legal person	40.17%	162,977,327	0	0	162,977,327	Not applicable	0
# Wu Jilin	Domestic natural person	4.73%	19,189,124	2,337,198	0	19,189,124	Not applicable	0
Qianhai Life Insurance Co., Ltd. - Dividend Insurance Product	Other	3.99%	16,183,970	-2,400	0	16,183,970	Not applicable	0
Bank of China Limited - Huashang Selected Return Mixed Securities Investment Fund	Other	0.96%	3,906,000	2,641,700	0	3,906,000	Not applicable	0
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.78%	3,144,933	1,581,432	0	3,144,933	Not applicable	0
China Merchants Bank Co., Ltd. - Huashang Quality Value Mixed Securities Investment Fund	Other	0.68%	2,763,400	1,814,600	0	2,763,400	Not applicable	0
# Zhu Rui	Domestic natural person	0.59%	2,382,300	285,700	0	2,382,300	Not applicable	0
Bank of China Limited - Huashang Vision Value Mixed Securities Investment Fund	Other	0.55%	2,236,500	1,301,200	0	2,236,500	Not applicable	0
CITIC Securities Co., Ltd. -	Other	0.53%	2,152,000	1,278,600	0	2,152,000	Not applicable	0

Huatai-PineBridge CSI Central SOE Dividend Exchange-Traded Fund (ETF)								
# Wang Xing	Domestic natural person	0.53%	2,141,400	321,100	0	2,141,400	Not applicable	0
Circumstances where strategic investors or general legal persons became top 10 shareholders due to placement of new shares (if any) (see Note 3)	Not applicable							
Explanation of related-party relationships or concerted action among the above shareholders	The Company is not aware of whether there are related-party relationships or concerted action among the above 10 shareholders.							
Explanation of voting rights entrusted by/to, or waived by the above shareholders	Shareholder Shentian Technology Holding authorized a representative to exercise voting rights on its behalf representing 162,977,327 shares at the 2025 Annual General Meeting. For voting results, please refer to relevant announcements published on Cninfo.							
Special explanation on the existence of a repurchase special account among the top 10 shareholders (if any) (see Note 11)	Not applicable							

Shareholding of top 10 unrestricted shareholders (excluding shares lent via refinancing and executive locked shares)			
Name of shareholder	Number of unrestricted shares held at the end of the reporting period	Share class	
		Share class	Quantity
Shentian Technology Holding (Shenzhen) Co., Ltd.	162,977,327	RMB ordinary shares	162,977,327
# Wu Jilin	19,189,124	RMB ordinary shares	19,189,124
Qianhai Life Insurance Co., Ltd. - Dividend Insurance Product	16,183,970	RMB ordinary shares	16,183,970
Bank of China Limited - Huashang Selected Return Mixed Securities Investment Fund	3,906,000	RMB ordinary shares	3,906,000
Hong Kong Securities Clearing Company Limited	3,144,933	RMB ordinary shares	3,144,933
China Merchants Bank Co., Ltd. - Huashang Quality Value Mixed Securities Investment Fund	2,763,400	RMB ordinary shares	2,763,400
# Zhu Rui	2,382,300	RMB ordinary shares	2,382,300
Bank of China Limited - Huashang Vision Value Mixed Securities Investment Fund	2,236,500	RMB ordinary shares	2,236,500

CITIC Securities Co., Ltd. - Huatai-PineBridge CSI Central SOE Dividend Exchange-Traded Fund (ETF)	2,152,000	RMB ordinary shares	2,152,000
# Wang Xing	2,141,400	RMB ordinary shares	2,141,400
Explanation of related-party relationships or concerted action among the top 10 unrestricted shareholders and between the top 10 unrestricted shareholders and the top 10 shareholders	The Company is not aware of whether there are related-party relationships or concerted action among the above 10 shareholders.		
Explanation of top 10 ordinary shareholders participating in margin financing and securities lending business (if any)	1. Company shareholder Wu Jilin held 4,613,302 shares through a regular securities account and 14,575,822 shares through a client credit collateral securities account at China CICC Wealth Management Securities Co., Ltd., totaling 19,189,124 shares; 2. Company shareholder Zhu Rui held 2,600 shares through a regular securities account and 2,379,700 shares through a client credit collateral securities account at First Capital Securities Co., Ltd., totaling 2,382,300 shares; 3. Company shareholder Wang Xing held 1,831,400 shares through a regular securities account and 310,000 shares through a client credit collateral securities account at China Merchants Securities Co., Ltd., totaling 2,141,400 shares.		

Share lending via refinancing business by shareholders holding 5% or more shares, top 10 shareholders, and top 10 unrestricted circulating shareholders

Not applicable

Changes in top 10 shareholders and top 10 unrestricted circulating shareholders compared to the prior period due to share lending/return via refinancing

Not applicable

Whether the top 10 ordinary shareholders and top 10 unrestricted ordinary shareholders engaged in agreed repurchase transactions during the reporting period

No

IV. Changes in Shareholding of Directors and Senior Executives

Not applicable

The shareholdings of Directors and Senior Executives remained unchanged during the reporting period. For details, please refer to the 2025 Annual Report.

V. Changes in Controlling Shareholder or De Facto Controller

If the Company previously disclosed plans for a change in control by the de facto controller that have not been completed, please explain the progress of the change in control.

Not applicable

Change in controlling shareholder during the reporting period

Not applicable

Change in de facto controller during the reporting period

Not applicable

VI. Preferred Shares

Not applicable

Section VII Bonds

Not applicable

Section VIII Financial Report

I. Audit Report

Whether the Interim Report has been audited

No

II. Financial Statements

The unit in the notes to the financial statements is: RMB

1. Consolidated Balance Sheet

Prepared by: FIYTA Precision Technology Co., Ltd.

June 30, 2026

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Cash and cash equivalents	657,780,338.81	631,239,039.65
Settlement reserve		
Lending funds		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	15,179,652.64	13,617,187.55
Accounts receivable	264,290,477.99	249,868,540.94
Receivables financing		
Prepayments	26,452,620.03	4,912,759.05
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	55,463,903.88	51,040,153.19
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	1,462,500,282.14	1,727,982,404.66
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	138,092,496.03	66,510,872.63
Total current assets	2,619,759,771.52	2,745,170,957.67

Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	46,672,153.60	46,436,556.86
Other equity instrument investments		
Other non-current financial assets		
Investment properties	301,443,999.00	308,270,580.37
Fixed assets	337,417,287.88	343,353,998.15
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	62,048,131.85	72,791,092.06
Intangible assets	30,920,347.73	31,720,744.04
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill		
Long-term prepaid expenses	68,950,815.87	89,174,269.50
Deferred income tax assets	93,267,447.01	90,726,063.88
Other non-current assets	171,008,639.08	5,757,347.81
Total non-current assets	1,111,728,822.02	988,230,652.67
Total assets	3,731,488,593.54	3,733,401,610.34
Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	68,846,072.91	94,791,440.02
Advances from customers	7,051,846.87	11,368,005.63
Contract liabilities	18,121,608.21	16,450,934.50
Financial assets sold under agreements to repurchase		
Customer deposits and deposits from other banks		
Funds received as agent of securities trading		
Funds received as agent of securities underwriting		

Employee benefits payable	64,278,748.33	80,059,217.82
Taxes and surcharges payable	50,056,542.45	40,198,014.04
Other payables	78,195,511.10	75,141,232.27
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	48,155,286.06	57,044,492.54
Other current liabilities	1,870,242.74	2,392,725.11
Total current liabilities	336,575,858.67	377,446,061.93
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	14,736,464.18	17,892,390.31
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	583,008.14	1,522,995.65
Other non-current liabilities		
Total non-current liabilities	15,319,472.32	19,415,385.96
Total liabilities	351,895,330.99	396,861,447.89
Owners' equity:		
Share capital	405,764,007.00	405,764,007.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	935,609,251.94	935,609,251.94
Less: Treasury shares		
Other comprehensive income	14,994,784.98	23,665,217.37
Special reserve	3,872,012.79	3,961,169.87
Surplus reserve	275,010,401.50	275,010,401.50
General risk reserve		
Undistributed profits	1,744,342,804.34	1,692,530,114.77
Total equity attributable to owners of the parent company	3,379,593,262.55	3,336,540,162.45
Non-controlling interests		
Total owners' equity	3,379,593,262.55	3,336,540,162.45
Total liabilities and owners' equity	3,731,488,593.54	3,733,401,610.34

Legal Representative: Zhou Jinqun　　Chief Financial Officer: Song Yaoming　　Head of Accounting Department:

Jiang Haiming

2. Balance Sheet of the Parent Company

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Cash and cash equivalents	547,732,738.10	457,084,217.33
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable	19,832,052.07	9,983,210.72
Receivables financing		
Prepayments		
Other receivables	361,944,183.93	545,751,274.33
Including: Interest receivable		
Dividends receivable		
Inventories	8,183,772.06	35,526,848.62
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	29,608,376.75	25,674,166.66
Total current assets	967,301,122.91	1,074,019,717.66
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,639,216,039.51	1,638,980,442.77
Other equity instrument investments		
Other non-current financial assets		
Investment properties	213,212,587.10	218,384,208.08
Fixed assets	239,695,300.64	242,887,333.30
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	23,130,780.28	24,260,033.91
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill		

Long-term prepaid expenses	12,350,444.88	12,299,699.77
Deferred income tax assets	31,026,695.78	20,283,973.50
Other non-current assets	163,831,502.68	1,989,858.55
Total non-current assets	2,322,463,350.87	2,159,085,549.88
Total assets	3,289,764,473.78	3,233,105,267.54
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	5,905,907.39	111,122,030.74
Advances from customers	8,121,477.80	11,369,857.62
Contract liabilities		
Employee benefits payable	18,189,531.94	17,665,486.91
Taxes and surcharges payable	3,584,364.38	790,242.76
Other payables	386,552,692.89	297,160,359.41
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	422,353,974.40	438,107,977.44
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	422,353,974.40	438,107,977.44
Owners' equity:		
Share capital	405,764,007.00	405,764,007.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	938,999,713.64	938,999,713.64
Less: Treasury shares		

Other comprehensive income		
Special reserve		
Surplus reserve	275,010,401.50	275,010,401.50
Undistributed profits	1,247,636,377.24	1,175,223,167.96
Total owners' equity	2,867,410,499.38	2,794,997,290.10
Total liabilities and owners' equity	3,289,764,473.78	3,233,105,267.54

Legal Representative: Zhou Jinqun   Chief Financial Officer: Song Yaoming   Head of Accounting Department: Jiang Haiming

3. Consolidated Income Statement

Unit: RMB

Item	First half of 2026	First half of 2025
I. Total operating revenue	1,840,480,340.48	1,784,131,937.23
Including: Operating revenue	1,840,480,340.48	1,784,131,937.23
Interest income		
Premiums earned		
Handling charges and commission income		
II. Total operating costs	1,714,427,144.42	1,686,829,306.89
Including: Operating costs	1,196,202,821.77	1,149,808,611.57
Interest expense		
Handling charges and commission expenses		
Surrender values		
Net compensation expenses		
Net appropriation of insurance contract reserve		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	18,462,441.06	15,513,201.04
Selling expenses	360,654,255.33	392,808,032.65
Administrative expenses	95,354,788.74	89,971,510.01
R&D expenses	40,717,396.64	33,087,871.33
Financial expenses	3,035,440.88	5,640,080.29
Interest expense	1,186,429.02	2,390,395.42
Interest income	1,831,836.70	1,870,950.85
Add: Other income	3,155,303.04	2,946,889.68
Investment income (loss is indicated by "-")	630,153.96	742,044.98
Including: Investment income from associates and joint ventures	235,596.74	494,545.14
Gains on derecognition of financial assets measured at amortized cost		
Foreign exchange gains (loss		

is indicated by "-")		
Net exposure hedging gains (loss is indicated by "-")		
Gains from changes in fair value (loss is indicated by "-")		
Credit impairment losses (loss is indicated by "-")	1,098,927.84	2,228,174.46
Asset impairment losses (loss is indicated by "-")		1,780,567.39
Gains on disposal of assets (loss is indicated by "-")	474,063.48	-424,407.32
III. Operating profit (loss is indicated by "-")	131,411,644.38	104,575,899.53
Add: Non-operating income	653,081.03	1,204,207.92
Less: Non-operating expenses	400,214.22	219,441.69
IV. Total profit (total loss is indicated by "-")	131,664,511.19	105,560,665.76
Less: Income tax expense	31,160,140.78	23,115,165.73
V. Net profit (net loss is indicated by "-")	100,504,370.41	82,445,500.03
(I) Categorized by operating continuity		
1. Net profit from continuing operations (net loss is indicated by "-")	100,504,370.41	82,445,500.03
2. Net profit from discontinued operations (net loss is indicated by "-")		
(II) Categorized by ownership attribution		
1. Net profit attributable to shareholders of the parent company (net loss is indicated by "-")	100,504,370.41	82,445,500.03
2. Profit or loss attributable to non-controlling interests (net loss is indicated by "-")		
VI. Other Comprehensive Income, Net of Tax	-8,670,432.39	9,592,491.09
Net other comprehensive income attributable to owners of the parent company after tax	-8,670,432.39	9,592,491.09
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value changes of other equity instrument investments		
4. Fair value changes of enterprise's own credit risk		
5. Other		

(II) Other comprehensive income that will be reclassified to profit or loss	-8,670,432.39	9,592,491.09
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value changes of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedge reserve		
6. Translation differences of foreign currency financial statements	-8,670,432.39	9,592,491.09
7. Other		
Net other comprehensive income attributable to non-controlling interests after tax		
VII. Total Comprehensive Income	91,833,938.02	92,037,991.12
Total comprehensive income attributable to owners of the parent company	91,833,938.02	92,037,991.12
Total comprehensive income attributable to non-controlling interests		
VIII. Earnings Per Share:		
(I) Basic earnings per share	0.2477	0.2034
(II) Diluted earnings per share	0.2477	0.2034

Legal Representative: Zhou Jinqun Chief Financial Officer: Song Yaoming Head of Accounting Department: Jiang Haiming

4. Income Statement of the Parent Company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Operating revenue	80,539,710.30	81,474,823.42
Less: Operating costs	41,246,617.92	25,511,651.20
Taxes and surcharges	4,062,559.84	3,821,053.25
Selling expenses	32,373,061.83	17,415,912.81
Administrative expenses	38,760,021.37	27,948,465.95
R&D expenses	9,168,396.13	6,543,258.58
Financial expenses	-1,263,832.96	-1,776,950.85
Interest expense	66,406.39	-54,463.04
Interest income	1,384,769.95	1,566,068.25
Add: Other income	764,312.77	818,743.58
Investment income (loss is indicated by "-")	153,590,219.07	494,545.14
Including: Investment income from associates and joint	235,596.74	494,545.14

ventures		
Gains on derecognition of financial assets measured at amortized cost (loss is indicated by "-")		
Net exposure hedging gains (loss is indicated by "-")		
Gains from changes in fair value (loss is indicated by "-")		
Credit impairment losses (loss is indicated by "-")	52,237.67	-462,263.85
Asset impairment losses (loss is indicated by "-")		
Gains on disposal of assets (loss is indicated by "-")	-45,519.85	
II. Operating profit (loss is indicated by "-")	110,554,135.83	2,862,457.35
Add: Non-operating income	26,139.97	23,782.21
Less: Non-operating expenses	196,857.96	6.18
III. Total profit (total loss is indicated by "-")	110,383,417.84	2,886,233.38
Less: Income tax expense	-10,721,472.28	511,106.83
IV. Net profit (net loss is indicated by "-")	121,104,890.12	2,375,126.55
(I) Net profit from continuing operations (net loss is indicated by "-")	121,104,890.12	2,375,126.55
(II) Net profit from discontinued operations (net loss is indicated by "-")		
V. Other Comprehensive Income, Net of Tax		
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value changes of other equity instrument investments		
4. Fair value changes of enterprise's own credit risk		
5. Other		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value changes of other debt investments		

3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedge reserve		
6. Translation differences of foreign currency financial statements		
7. Other		
VI. Total Comprehensive Income	121,104,890.12	2,375,126.55
VII. Earnings Per Share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Zhou Jinqun   Chief Financial Officer: Song Yaoming   Head of Accounting Department: Jiang Haiming

5. Consolidated Cash Flow Statement

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,007,937,285.55	1,918,518,666.40
Net increase in customer deposits and placements from other banks		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in policyholders' deposits and investment funds		
Cash received from interest, handling charges, and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Net cash received from agent securities trading		
Refunds of taxes and surcharges	3,206,857.32	765,302.02
Cash received relating to other operating activities	10,085,016.64	20,316,713.59
Subtotal of cash inflows from operating activities	2,021,229,159.51	1,939,600,682.01
Cash paid for goods purchased and services received	1,060,649,891.91	1,117,286,716.61
Net increase in loans and advances to customers		

Net increase in deposits with central bank and other banks		
Cash paid for claims of original insurance contracts		
Net increase in lending funds		
Cash paid for interest, handling charges, and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	274,798,070.57	295,806,175.23
Payments of various taxes and surcharges	143,475,206.37	123,135,450.22
Cash paid relating to other operating activities	158,333,370.26	151,881,532.88
Subtotal of cash outflows from operating activities	1,637,256,539.11	1,688,109,874.94
Net cash flows from operating activities	383,972,620.40	251,490,807.07
II. Cash flows from investing activities:		
Cash received from recovery of investments		
Cash received from investment income	9,387.93	297,627.16
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	32,260.84	134,782.34
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	3,389,433.51	104,282,319.06
Subtotal of cash inflows from investing activities	3,431,082.28	104,714,728.56
Cash paid for acquisition and construction of fixed assets, intangible assets, and other long-term assets	26,748,244.92	33,910,801.03
Cash paid for investments		
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units	162,395,200.00	
Cash paid relating to other investing activities	76,251,159.49	111,168,651.92
Subtotal of cash outflows from investing activities	265,394,604.41	145,079,452.95
Net cash flows from investing activities	-261,963,522.13	-40,364,724.39
III. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received by subsidiaries from capital contributions of non-controlling shareholders		
Cash received from borrowings	11,000,000.00	140,000,000.00

Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities	11,000,000.00	140,000,000.00
Cash paid for debt repayments	11,000,000.00	120,000,000.00
Cash paid for distribution of dividends or profits and payment of interest	48,724,606.91	165,355,261.79
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders		
Cash paid relating to other financing activities	46,135,370.10	45,795,435.69
Subtotal of cash outflows from financing activities	105,859,977.01	331,150,697.48
Net cash flows from financing activities	-94,859,977.01	-191,150,697.48
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-607,822.10	377,371.28
V. Net Increase in Cash and Cash Equivalents	26,541,299.16	20,352,756.48
Add: Beginning balance of cash and cash equivalents	631,239,039.65	518,954,177.49
VI. Ending Balance of Cash and Cash Equivalents	657,780,338.81	539,306,933.97

Legal Representative: Zhou Jinqun Chief Financial Officer: Song Yaoming Head of Accounting Department: Jiang Haiming

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	75,602,738.85	79,872,428.27
Refunds of taxes and surcharges	13,830.30	
Cash received relating to other operating activities	1,816,612,718.85	1,750,398,006.10
Subtotal of cash inflows from operating activities	1,892,229,288.00	1,830,270,434.37
Cash paid for goods purchased and services received	109,756,546.00	9,263,532.80
Cash paid to and on behalf of employees	46,266,009.30	40,073,696.79
Payments of various taxes and surcharges	3,383,934.91	5,903,973.37
Cash paid relating to other operating activities	1,578,059,018.09	1,585,917,118.90
Subtotal of cash outflows from operating activities	1,737,465,508.30	1,641,158,321.86
Net cash flows from operating activities	154,763,779.70	189,112,112.51
II. Cash flows from investing activities:		

Cash received from recovery of investments		
Cash received from investment income	153,354,622.33	
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	12,635.00	
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
Subtotal of cash inflows from investing activities	153,367,257.33	
Cash paid for acquisition and construction of fixed assets, intangible assets, and other long-term assets	6,298,513.00	5,249,498.62
Cash paid for investments		
Net cash paid for acquisition of subsidiaries and other business units	162,395,200.00	
Cash paid relating to other investing activities		
Subtotal of cash outflows from investing activities	168,693,713.00	5,249,498.62
Net cash flows from investing activities	-15,326,455.67	-5,249,498.62
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	11,000,000.00	140,000,000.00
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities	11,000,000.00	140,000,000.00
Cash paid for debt repayments	11,000,000.00	120,000,000.00
Cash paid for distribution of dividends or profits and payment of interest	48,724,606.91	165,355,261.79
Cash paid relating to other financing activities		
Subtotal of cash outflows from financing activities	59,724,606.91	285,355,261.79
Net cash flows from financing activities	-48,724,606.91	-145,355,261.79
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-64,196.35	-14,118.87
V. Net Increase in Cash and Cash Equivalents	90,648,520.77	38,493,233.23
Add: Beginning balance of cash and cash equivalents	457,084,217.33	390,160,466.41
VI. Ending Balance of Cash and Cash Equivalents	547,732,738.10	428,653,699.64

Legal Representative: Zhou Jinqun Chief Financial Officer: Song Yaoming Head of Accounting Department: Jiang Haiming

7. Consolidated Statement of Changes in Owners' Equity

Amount in Current Period

Unit: RMB

Item	First half of 2026														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other	Subtotal		
		Preferred shares	Perpetual bonds	Other											
I. Ending balance of the previous year	405,764,007.00				935,609,251.94		23,665,217.37	3,961,169.87	275,010,401.50		1,692,530,114.77		3,336,540,162.45		3,336,540,162.45
Add: Changes in accounting policies															
Correction of prior-period errors															
Other															
II. Beginning balance of the current year	405,764,007.00				935,609,251.94		23,665,217.37	3,961,169.87	275,010,401.50		1,692,530,114.77		3,336,540,162.45		3,336,540,162.45
III. Increase/decrease amount in current period (decrease is indicated by "-")							-8,670,432.39	-89,157.08			51,812,689.57		43,053,100.10		43,053,100.10
(I) Total comprehensive income							-8,670,432.39				100,504,370.41		91,833,938.02		91,833,938.02
(II) Capital contributed and reduced by															

owners															
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payments recognized in owners' equity															
4. Other															
(III) Profit distribution											-48,691,680.84		-48,691,680.84		-48,691,680.84
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distribution to owners (or shareholders)											-48,691,680.84		-48,691,680.84		-48,691,680.84
4. Other															
(IV) Internal carry-over of owners' equity															
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital															

(or share capital)															
3. Surplus reserve making up for losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Other															
(V) Special reserve								-89,157.08					-89,157.08		-89,157.08
1. Appropriation during the period								260,691.30					260,691.30		260,691.30
2. Utilization during the period								-349,848.38					-349,848.38		-349,848.38
(VI) Other															
IV. Ending balance of current period	405,764,007.00				935,609,251.94		14,994,784.98	3,872,012.79	275,010,401.50		1,744,342,804.34		3,379,593,262.55		3,379,593,262.55

Amount in Previous Year

Unit: RMB

Item	First half of 2025														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive inco	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other	Subtotal		
		Preferred sha	Perpetual bon	Other											

		res	ds				me								
I. Ending balance of the previous year	405,764,007.00				936,339,503.60	12,815,556.81	15,686,794.62	4,340,162.76	275,010,401.50		1,767,517,887.94		3,391,843,200.61		3,391,843,200.61
Add: Changes in accounting policies															
Correction of prior-period errors															
Other															
II. Beginning balance of the current year	405,764,007.00				936,339,503.60	12,815,556.81	15,686,794.62	4,340,162.76	275,010,401.50		1,767,517,887.94		3,391,843,200.61		3,391,843,200.61
III. Increase/decrease amount in current period (decrease is indicated by "-")					-730,251.66	-12,815,556.81	9,592,491.09	-51,210.69			-79,860,102.77		-58,233,517.22		-58,233,517.22
(I) Total comprehensive income							9,592,491.09				82,445,500.03		92,037,991.12		92,037,991.12
(II) Capital contributed and reduced by owners					-730,251.66	-12,815,556.81							12,085,305.15		12,085,305.15
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-					-730	-12,							12,085		12,085

based payments recognized in owners' equity					,251.66	815,556.81							,305.15		,305.15
4. Other															
(III) Profit distribution											-162,305,602.80		-162,305,602.80		-162,305,602.80
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distribution to owners (or shareholders)											-162,305,602.80		-162,305,602.80		-162,305,602.80
4. Other															
(IV) Internal carry-over of owners' equity															
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Surplus reserve making up for losses															
4. Changes in defined benefit plans carried forward to retained															

earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Other															
(V) Special reserve								-51,210.69					-51,210.69		-51,210.69
1. Appropriation during the period								223,177.64					223,177.64		223,177.64
2. Utilization during the period								-274,388.33					-274,388.33		-274,388.33
(VI) Other															
IV. Ending balance of current period	405,764,007.00				935,609,251.94		25,279,285.71	4,288,952.07	275,010,401.50		1,687,657,785.17		3,333,609,683.39		3,333,609,683.39

Legal Representative: Zhou Jinqun Chief Financial Officer: Song Yaoming Head of Accounting Department: Jiang Haiming

8. Statement of Changes in Owners' Equity of the Parent Company

Amount in Current Period

Unit: RMB

Item	First half of 2026											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of the previous year	405,764,007.00				938,999,713.64				275,010,401.50	1,175,223,167.96		2,794,997,290.10
Add: Changes in accounting policies												
Co												

rrection of prior-period errors												
Other												
II. Beginning balance of the current year	405,764,007.00				938,999,713.64				275,010,401.50	1,175,223,167.96		2,794,997,290.10
III. Increase/decrease amount in current period (decrease is indicated by "-")										72,413,209.28		72,413,209.28
(I) Total comprehensive income										121,104,890.12		121,104,890.12
(II) Capital contributed and reduced by owners												
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity												
4. Other												
(III) Profit distribution										-48,691,680.84		-48,691,680.84
1. Appropriation to surplus reserve												
2.										-		-

Distribution to owners (or shareholders)										48,691,680.84		48,691,680.84
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve making up for losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(V) Special reserve												
1. Appropriation during the period												
2. Utilization during the period												
(VI) Other												
IV. Ending	405,7				938,9				275,0	1,247		2,867

balance of current period	64,007.00				99,713.64				10,401.50	,636,377.24		,410,499.38

Amount in Previous Year

Unit: RMB

Item	First half of 2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of the previous year	405,764,007.00				939,217,999.41	12,815,556.81			275,010,401.50	1,206,072,217.14		2,813,249,068.24
Add: Changes in accounting policies												
Correction of prior-period errors												
Other												
II. Beginning balance of the current year	405,764,007.00				939,217,999.41	12,815,556.81			275,010,401.50	1,206,072,217.14		2,813,249,068.24
III. Increase/decrease amount in current period (decrease is indicated by "-")					-218,285.77	-12,815,556.81				-159,930,476.25		-147,333,205.21
(I) Total comprehensive income										2,375,126.55		2,375,126.55
(II) Capital contributed and reduced by owners					-218,285.77	-12,815,556.81						12,597,271.04
1. Ordinary shares contributed by owners												

2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity					-218,285.77	-12,815,556.81						12,597,271.04
4. Other												
(III) Profit distribution										-162,305,602.80		-162,305,602.80
1. Appropriation to surplus reserve												
2. Distribution to owners (or shareholders)										-162,305,602.80		-162,305,602.80
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve making up for losses												
4. Changes in defined benefit plans carried												

forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(V) Special reserve												
1. Appropriation during the period												
2. Utilization during the period												
(VI) Other												
IV. Ending balance of current period	405,764,007.00				938,999,713.64				275,010,401.50	1,046,141,740.89		2,665,915,863.03

Legal Representative: Zhou Jinqun　　Chief Financial Officer: Song Yaoming　　Head of Accounting Department: Jiang Haiming

III. Basic Information of the Company

1. Domicile, Organizational Form, and Address of the Company

FIYTA Precision Technology Co., Ltd. (hereinafter referred to as the "Company" or "our Company") was restructured from "Shenzhen FIYTA Timepiece Industry Company", with China National Aero-Technology Import & Export Shenzhen Industry & Trade Center (subsequently renamed "China National Aero-Technology Shenzhen Co., Ltd.") as the promoter, upon approval by the General Office of Shenzhen Municipal People's Government under document Shen Fu Ban Fu [1992] No. 1259 dated December 25, 1992. The Company was listed on the Shenzhen Stock Exchange on June 3, 1993, and currently holds a business license with the Unified Social Credit Code of 91440300192189783K.

Following years of bonus share distributions, rights issues, capitalizations of reserve, and additional share issuances, as of June 30, 2026, the Company had an aggregate issued share capital of 405,764,007 shares, with a registered capital of RMB 405.764007 million. Registered address: FIYTA Technology Building, Gaoxin South 1st Avenue, Nanshan District, Shenzhen, Guangdong Province. Its parent company is Shentian Technology Holding (Shenzhen) Co., Ltd., and its ultimate controlling party is Aviation Industry Corporation of China, Ltd.

2. Nature of Business and Principal Operating Activities

The business nature and principal operating activities of the Company and its subsidiaries include: sale of timepieces; manufacturing of timepieces and timing instruments; sale of timepieces and timing instruments; wholesale of jewelry; retail of jewelry; manufacturing of smart wearable devices; sale of smart wearable devices; leasing of non-residential real estate; professional design services; sale of household appliances; sale of satellite mobile communications terminals. (Except for items subject to approval according to law, operating activities are carried out autonomously according to law with the business license)

3. Scope of Consolidated Financial Statements

A total of 12 subsidiaries are included in the scope of consolidation for the current period. For details, please refer to Note X. Interests in Other Entities. The entities included in the scope of consolidated financial statements in the current period remained unchanged compared with the previous period.

4. Approval of Financial Statements

Date of approval for issuance of financial statements: These financial statements were approved for issuance by resolution of the Board of Directors of the Company on August 19, 2026.

IV. Basis of Preparation of Financial Statements

1. Basis of Preparation

The Company prepares its financial statements on a going concern basis, based on transactions and events that have actually occurred, and in accordance with the recognition and measurement requirements of the Accounting Standards for Business Enterprises (CAS), Application Guidance, and Interpretations. In addition, the Company also discloses relevant financial information in accordance with CSRC's "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (Revised in 2023)".

2. Going Concern

The Company assessed its ability to continue as a going concern for the 12 months from the end of the reporting period and found no events or conditions that cast significant doubt on its ability to continue as a going concern. It is reasonable for the Company to prepare the financial statements on a going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Notes on specific accounting policies and accounting estimates:

1. The Company determines specific accounting policies and accounting estimates based on its production and operational characteristics, primarily reflected in the methods for measuring expected credit losses on receivables (Note V.12, Note V.13, Note V.15), inventory valuation methods (Note V.17), depreciation of investment properties, depreciation of fixed assets, and amortization of intangible assets (Note V.23, Note V.24, Note V.29), revenue recognition (Note V.37), etc.

2. The Company continuously evaluates the significant accounting estimates and key assumptions adopted, based on historical experience and other factors, including reasonable expectations of future events. Material changes in the following significant accounting estimates and key assumptions may have a material impact on the carrying amounts of assets and liabilities in subsequent accounting years:

(1) Provision for bad debts on accounts receivable and other receivables. Management estimates the impairment provision for accounts receivable and other receivables based on its judgment of expected credit losses. If any event or change in circumstances indicates that the Company may not recover the relevant balances, estimates are required to accrue provisions for accounts receivable and other receivables. If the expected figures differ from the original estimates, the difference will affect the carrying amount of accounts receivable and other receivables, as well as the impairment charges in the period in which the estimate changes.

(2) Estimation of inventory impairment. Inventories are measured at the lower of cost and net realizable value at the balance sheet date. The calculation of net realizable value requires the use of assumptions and estimates. If management revises the estimated selling prices and the costs and expenses to be incurred upon completion, it will affect the estimate of the net realizable value of inventories, and such difference will impact the accrued inventory write-down provision.

(3) Estimation of impairment of long-term assets. When judging whether long-term assets are impaired, management assesses and analyzes primarily from the following aspects: 1) whether events affecting asset impairment have occurred; 2) whether the present value of expected future cash flows from continuous use or disposal of the assets is lower than their carrying amount; and 3) whether the significant assumptions used in the present value of expected future cash flows are appropriate.

If relevant assumptions adopted by the Company for determining impairment—such as profitability, discount rates, and growth rates used in the present value of future cash flows method—change, they may have a material impact on the present value used in impairment testing and result in impairment of the Company's long-term assets.

(4) Depreciation and amortization. The Company estimates the useful lives and net residual values of investment properties, fixed assets, and intangible assets based on the historical actual useful lives and net residual values of assets of a similar nature and function. During the use of assets, the economic environment, technological environment, and other circumstances in which they operate may have a significant impact on their useful lives and estimated net residual values. If the estimated useful life and net residual value of an asset differ from the original estimates, management will adjust them appropriately.

(5) Deferred income tax assets. Deferred income tax assets shall be recognized for all unused tax losses to the extent that it is probable that sufficient taxable profits will be available against which the losses can be utilized. This requires management to exercise significant judgment to estimate the timing and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognized.

(6) Income tax. In normal operating activities, the ultimate tax treatment of many transactions and events involves uncertainties. Significant judgment is required when accruing for income tax. If the final determination of these tax matters differs from the amounts initially recorded, such difference will impact the tax amount in the period during which such final determination is made.

1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the financial position, operating results, changes in owners' equity, cash flows, and other relevant information of the Company.

2. Accounting Period

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

3. Operating Cycle

The normal operating cycle of the Company is one year.

4. Functional Currency

The Company and its domestic subsidiaries adopt RMB as their functional currency. FIYTA (Hong Kong) Limited, an overseas subsidiary of the Company, determines HKD as its functional currency according to the primary economic environment in which it operates; Montres Chouriet SA, a subsidiary of FIYTA (Hong Kong) Limited, determines CHF as its functional currency according to the primary economic environment in which it operates. Their financial statements are translated into RMB when preparing consolidated financial statements. The presentation currency adopted by the Company for preparing these financial statements is RMB.

5. Method for Determining Materiality Criteria and Basis of Selection

Item	Materiality Criteria
Accounts receivable with material bad debt provision reversed or recovered in the current period	Individual ending balance exceeding RMB 1 million
Material other payables aged over one year	Individual ending balance exceeding RMB 1 million

6. Accounting Treatment of Business Combinations Under Common Control and Not Under Common Control

(1) Business combinations under common control

Assets and liabilities acquired by the Company in a business combination are measured at the merger date based on their carrying amounts in the consolidated financial statements of the ultimate controlling party. Where the accounting policies and accounting periods adopted by the combinee differ from those of the Company prior to the merger, the accounting policies and periods are unified based on the materiality principle; that is, the carrying amounts of the combinee's assets and liabilities are adjusted in accordance with the Company's accounting policies and accounting periods. Any difference between the carrying amount of net assets acquired and the carrying amount of consideration paid is adjusted against capital reserve (capital premium or share premium); if the capital reserve (capital premium or share premium) is insufficient to offset the difference, the remaining balance is adjusted against surplus reserve and undistributed profits sequentially.

(2) Business combinations not under common control

Identifiable assets and liabilities of the acquiree acquired by the Company in a business combination are measured at fair value on the acquisition date. Where the accounting policies and accounting periods adopted by the acquiree differ from those of the Company prior to the merger, the accounting policies and periods are unified based on the materiality principle; that is, the carrying amounts of the acquiree's assets and liabilities are adjusted in accordance with the Company's accounting policies and accounting periods. The excess of the combination cost over the fair value of the acquiree's identifiable net assets acquired on the acquisition date is recognized as goodwill; if the combination cost is less than the fair value of the acquiree's identifiable net assets acquired, the Company first re-evaluates the combination cost and the fair value of the acquiree's identifiable assets and liabilities. If the cost remains lower than the fair value of identifiable net assets acquired after review, the difference is recognized in current profit or loss.

(3) Treatment of transaction fees in business combinations

Intermediary fees such as auditing, legal services, valuation, and consulting fees and other related administrative expenses incurred for business combinations are recognized in profit or loss when incurred. Transaction fees for issuing equity securities or debt securities as combination consideration are included in the initial recognition amount of such equity or debt securities.

7. Criteria for Determining Control and Compilation Method of Consolidated Financial Statements

(1) Criteria for determining control and scope of consolidation

Control refers to the power the Company has over the investee, whereby it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of its returns. The definition of control contains three basic elements: first, the investor has power over the investee; second, the investor enjoys variable returns through involvement in the investee's related activities; third, the investor has the ability to use its power over the investee to affect the amount of its returns. When the Company's investment in an investee meets all three elements, it indicates that the Company controls the investee.

The scope of consolidated financial statements is determined on the basis of control, encompassing not only subsidiaries determined based on voting rights (or similar rights) alone or in combination with other arrangements, but also structured entities governed by one or more contractual arrangements.

A subsidiary refers to an entity controlled by the Company (including enterprises, divisible parts of investees, and structured entities controlled by the enterprise, etc.). A structured entity refers to an entity designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity (sometimes referred to as a special purpose entity).

(2) Compilation method of consolidated financial statements

The Company prepares consolidated financial statements based on its own financial statements and those of its subsidiaries, and using other relevant information.

In preparing consolidated financial statements, the Company treats the entire corporate group as a single accounting entity, reflecting the group's overall financial position, operating results, and cash flows in accordance with unified accounting policies and periods pursuant to CAS recognition, measurement, and presentation requirements.

① Consolidating items of assets, liabilities, owners' equity, revenue, expenses, and cash flows of the parent company and its subsidiaries.

② Offsetting the parent company's long-term equity investment in subsidiaries against its share of owners' equity in subsidiaries.

③ Offsetting the effects of internal transactions between the parent company and subsidiaries, and among subsidiaries. Where internal transactions indicate impairment losses on relevant assets, such losses shall be recognized in full.

④ Adjusting special transaction matters from the perspective of the enterprise group.

(3) Special considerations in consolidation elimination

① Long-term equity investments held by subsidiaries in the Company shall be regarded as treasury shares of the Company, presented as a deduction in owners' equity under the item "Less: Treasury shares" in the consolidated balance sheet.

Long-term equity investments held between subsidiaries shall be eliminated by offsetting the long-term equity investment against the corresponding share of owners' equity in the investee subsidiary, mutatis mutandis to the Company's elimination method for subsidiaries.

② Since "Special reserve" and "General risk reserve" are neither paid-in capital (or share capital) nor capital reserve, and differ from retained earnings and undistributed profits, they are restored based on the share attributable to owners of the parent company after the elimination of long-term equity investments and owners' equity of subsidiaries.

③ If temporary differences arise between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective taxable entities due to the elimination of unrealized internal sales profits and losses, deferred income tax assets or deferred income tax liabilities are recognized in the consolidated balance sheet, with income tax expense in the consolidated income statement adjusted accordingly, except for deferred income taxes related to transactions recognized directly in equity or business combinations.

④ Unrealized internal transaction profits and losses arising from the Company's sale of assets to subsidiaries shall be fully offset against "Net profit attributable to owners of the parent company". Unrealized internal transaction profits and losses arising from subsidiaries' sales of assets to the Company shall be allocated and offset between "Net profit attributable to owners of the parent company" and "Non-controlling interests" in proportion to the Company's allocation ratio to the subsidiary. Unrealized internal transaction profits and losses arising from sales of assets between subsidiaries shall be allocated and offset between "Net profit attributable to owners of the parent company" and "Non-controlling interests" in proportion to the Company's allocation ratio to the selling subsidiary.

⑤ Where the current loss shared by non-controlling shareholders of a subsidiary exceeds their share in the beginning owners' equity of the subsidiary, the excess shall still be deducted from non-controlling interests.

8. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement refers to an arrangement under the joint control of two or more parties. The Company's joint arrangements are classified into joint operations and joint ventures.

(1) Joint operations

A joint operation refers to a joint arrangement whereby the Company has rights to the assets and obligations for the liabilities relating to the arrangement.

The Company recognizes the following items in relation to its share of interest in a joint operation and accounts for them in accordance with relevant CAS:

① Recognize solely-held assets and jointly-held assets according to its share;

② Recognize solely-incurred liabilities and jointly-incurred liabilities according to its share;

③ Recognize revenue from the sale of its share of output arising from the joint operation;

④ Recognize its share of revenue from the sale of output by the joint operation;

⑤ Recognize solely-incurred expenses and jointly-incurred expenses according to its share.

(2) Joint ventures

A joint venture refers to a joint arrangement whereby the Company only has rights to the net assets of the arrangement.

The Company accounts for investments in joint ventures in accordance with the equity method provisions for long-term equity investments.

9. Determination Criteria for Cash and Cash Equivalents

Cash refers to cash on hand and deposits that can be readily drawn upon for payments. Cash equivalents refer to short-term (generally maturing within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign Currency Transactions and Translation of Foreign Currency Statements

(1) Determination of exchange rates for foreign currency transactions

Foreign currency transactions of the Company are translated into the functional currency at initial recognition using the spot exchange rate on the transaction date or an exchange rate determined through a systematic and rational method that approximates the spot rate on the transaction date (hereinafter referred to as "approximate spot rate").

(2) Translation of foreign currency monetary items at the balance sheet date

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from differences between the spot rate at the balance sheet date and the spot rate at initial recognition or the previous balance sheet date are recognized in current profit or loss. Foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate on the transaction date; foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. For financial assets measured at fair value through profit or loss, the difference between the translated functional currency amount and the original functional currency amount is recognized in current profit or loss.

(3) Translation method for foreign currency statements

Before translating the financial statements of overseas operations, the accounting period and accounting policies of overseas operations are adjusted to align with those of the Company, and financial statements in the respective currency (other than functional currency) are prepared based on adjusted accounting policies and periods, followed by translation under the following rules:

① Assets and liabilities items in the balance sheet are translated using the spot exchange rate at the balance sheet date; owners' equity items, except for "Undistributed profits", are translated using the spot exchange rate at the time of occurrence.

② Income and expense items in the income statement are translated using the spot exchange rate or approximate spot rate on the transaction date.

③ Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate or approximate spot rate on the date of cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement as a reconciling item.

④ Resulting foreign currency statement translation differences are presented under "Other comprehensive income" within owners' equity in the consolidated balance sheet when compiling consolidated financial statements.

Upon disposal of an overseas operation resulting in loss of control, the foreign currency translation differences related to that overseas operation presented under owners' equity in the balance sheet are reclassified into current profit or loss in full or in proportion to the disposal.

11. Financial Instruments

A financial instrument refers to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition of financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when meeting one of the following conditions:

① The contractual rights to receive cash flows from the financial asset expire;

② The financial asset has been transferred and meets the criteria for derecognition of financial assets below.

A financial liability (or part thereof) is derecognized when its present obligation has been discharged. Where an agreement is signed between the Company (debtor) and the lender to replace the existing financial liability by assuming a new financial liability with substantially different contractual terms, the existing financial liability is derecognized and a new financial liability is recognized simultaneously. Where the Company makes substantial modifications to the contractual terms of an existing financial liability (or part thereof), the existing financial liability is derecognized and a new financial liability is recognized in accordance with modified terms.

Purchases or sales of financial assets in a regular way are recognized and derecognized on the trade date. Regular way purchases or sales of financial assets refer to deliveries of financial assets within the time frame established by regulation or market convention according to contract terms. Trade date refers to the date on which the Company commits to purchase or sell a financial asset.

(2) Classification and measurement of financial assets

At initial recognition, based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost, financial assets measured at fair value through profit or loss (FVTPL), and financial assets measured at fair value through other comprehensive income (FVOCI). Unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value at initial recognition. For financial assets measured at FVTPL, relevant transaction costs are directly recognized in profit or loss; for other categories of financial assets, relevant transaction costs are included in their initial recognition amounts. Notes receivable and accounts receivable arising from the sale of goods or rendering of services that do not contain or consider significant financing components are initially measured at the transaction price defined in the revenue standard.

Subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

Financial assets meeting both of the following conditions are classified as financial assets measured at amortized cost: the Company manages the financial assets under a business model whose objective is to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). For such financial assets, the effective interest method is used for subsequent measurement at amortized cost. Gains or losses arising from derecognition, amortization using the effective interest method, or impairment are recognized in profit or loss.

② Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets meeting both of the following conditions are classified as financial assets measured at FVOCI: the Company manages the financial assets under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). For such financial assets, subsequent measurement is performed at fair value. Except for impairment losses or gains and exchange differences recognized in profit or loss, fair value changes of such financial assets are recognized in other comprehensive income until the financial asset is derecognized, whereupon its cumulative gains or losses are transferred to profit or loss. However, interest income calculated using the effective interest method is recognized in profit or loss.

The Company irrevocably designates certain non-trading equity instrument investments as financial assets measured at FVOCI; only relevant dividend income is recognized in profit or loss, while fair value changes are recognized in other comprehensive income, and cumulative gains or losses are transferred to retained earnings upon derecognition.

③ Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets other than those measured at amortized cost and FVOCI are classified as financial assets measured at FVTPL. For such financial assets, subsequent measurement is performed at fair value, and all fair value changes are recognized in profit or loss.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into: financial liabilities measured at FVTPL, loan commitments for below-market-rate loans and financial guarantee contract liabilities, and financial liabilities measured at amortized cost.

Subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value through profit or loss (FVTPL)

Such financial liabilities include trading financial liabilities (including derivatives classified as financial liabilities) and financial liabilities designated as measured at FVTPL. After initial recognition, such financial liabilities are subsequently measured at fair value; except for those related to hedge accounting, gains or losses (including interest expense) are recognized in profit or loss. However, for financial liabilities designated as measured at FVTPL, the amount of change in fair value caused by changes in the Company's own credit risk is recognized in other comprehensive income; upon derecognition, cumulative gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

② Loan commitments and financial guarantee contract liabilities

A loan commitment is a commitment provided by the Company to a customer to provide a loan under predetermined contractual terms within the commitment period. Impairment losses for loan commitments are accrued according to the expected credit loss model.

A financial guarantee contract refers to a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are subsequently measured at the higher of the loss allowance determined in accordance with financial instrument impairment principles and the initial recognition amount less cumulative amortization recognized under revenue principles.

③ Financial liabilities measured at amortized cost

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

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① If the Company cannot unconditionally avoid delivering cash or another financial asset to settle a contractual obligation, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly contain terms and conditions requiring delivery of cash or another financial asset, they may indirectly create contractual obligations through other terms and conditions.

② If a financial instrument will or may be settled in the Company's own equity instruments, it is necessary to consider whether the Company's equity instruments used to settle the instrument are used as substitutes for cash or other financial assets, or to enable the holder to enjoy the residual interest in the issuer's assets after deducting all liabilities. If the former, the instrument is a financial liability of the issuer; if the latter, the instrument is an equity instrument of the issuer. Under certain circumstances, where a contract requires or allows the Company to settle a financial instrument with its own equity instruments, and the contractual right or obligation amount equals the quantity of equity instruments to be received or delivered multiplied by their fair value at settlement, the contract is classified as a financial liability, regardless of whether the amount is fixed or varies based on variables other than the market price of the Company's own equity instruments (e.g., interest rate, commodity price, or financial instrument price).

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at fair value on the date the derivative contract is signed and subsequently measured at fair value. A derivative financial instrument with a positive fair value is recognized as an asset, and one with a negative fair value is recognized as a liability.

Gains or losses arising from changes in the fair value of derivatives are directly recognized in profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and reclassified into profit or loss when the hedged item affects profit or loss.

For hybrid instruments containing embedded derivatives, if the host contract is a financial asset, the hybrid instrument as a whole applies the classification rules for financial assets. If the host contract is not a financial asset and the hybrid instrument is not accounted for at FVTPL, an embedded derivative is bifurcated from the host contract and treated as a standalone derivative if its economic characteristics and risks are not closely related to those of the host contract, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the fair value of the embedded derivative cannot be measured reliably on the acquisition date or subsequent balance sheet dates, the hybrid instrument as a whole is designated as a financial asset or financial liability at FVTPL.

(5) Impairment of financial instruments

The Company recognizes loss allowances on the basis of expected credit losses (ECL) for financial assets measured at amortized cost, debt investments measured at FVOCI, contract assets, lease receivables, loan commitments, and financial guarantee contracts.

① Measurement of expected credit losses

Expected credit losses refer to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the original effective interest rate—namely, the present value of all cash shortfalls. Among them, for purchased or originated credit-impaired (POCI) financial assets, discounting is performed using the credit-adjusted effective interest rate.

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

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

At each balance sheet date, the Company measures expected credit losses for financial instruments at different stages. Where credit risk has not increased significantly since initial recognition, the instrument is in Stage 1, and the loss allowance is measured at an amount equal to 12-month ECL; where credit risk has increased significantly since initial recognition but is not credit-impaired, the instrument is in Stage 2, and the loss allowance is measured at an amount equal to lifetime ECL; where the financial instrument is credit-impaired since initial recognition, the instrument is in Stage 3, and the loss allowance is measured at an amount equal to lifetime ECL.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that credit risk has not increased significantly since initial recognition and measures the loss allowance at an amount equal to 12-month ECL.

For financial instruments in Stage 1, Stage 2, and those with low credit risk, interest income is calculated based on the gross carrying amount (without deducting impairment allowance) and the effective interest rate. For financial instruments in Stage 3, interest income is calculated based on the amortized cost (gross carrying amount less impairment allowance) and the effective interest rate.

For notes receivable and accounts receivable, whether containing a significant financing component or not, the Company always measures the loss allowance at an amount equal to lifetime ECL.

A. Receivables

For notes receivable, accounts receivable, and other receivables with objective evidence of impairment or applicable for individual assessment, individual impairment tests are conducted to recognize ECL and accrue individual impairment allowances. For notes receivable, accounts receivable, and other receivables without objective evidence of impairment, or when information on ECL cannot be assessed at a reasonable cost for an individual asset, the Company groups them into portfolios based on credit risk characteristics and calculates ECL on a collective basis. The basis for determining portfolios is as follows:

Basis for determining portfolios of notes receivable:

Notes receivable portfolio 1: Commercial acceptance bills

Notes receivable portfolio 2: Bank acceptance bills

For notes receivable categorized into portfolios, the Company calculates ECL based on exposure at default and the lifetime ECL rate, referencing historical credit loss experience, combined with current conditions and forecasts of future economic conditions.

Basis for determining portfolios of accounts receivable:

Accounts receivable portfolio 1: Receivables from customers

For accounts receivable categorized into portfolios, the Company prepares an aging schedule and lifetime ECL rate matrix to calculate ECL, referencing historical credit loss experience, current conditions, and forecasts of future economic conditions.

Basis for determining portfolios of other receivables:

Other receivables portfolio 1: Deposits and security deposits receivable

Other receivables portfolio 2: Employee petty cash receivable

Other receivables portfolio 3: Other receivables

For other receivables categorized into portfolios, the Company calculates ECL based on exposure at default and the 12-month or lifetime ECL rate, referencing historical credit loss experience, current conditions, and forecasts of future economic conditions.

The aging calculation method for determining credit risk characteristic portfolios is: aging for notes receivable, accounts receivable, and other receivables is determined from the booking date to the balance sheet date.

B. Debt investments, other debt investments

For debt investments and other debt investments, the Company calculates ECL based on the nature of the investment, counterparties, and types of exposures, using exposure at default and the 12-month or lifetime ECL rate.

② Low credit risk

A financial instrument is deemed to have low credit risk if the default risk is low, the borrower has a strong capacity to meet its contractual cash flow obligations in the short term, and adverse changes in economic and business conditions in the longer term will not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

③ Significant increase in credit risk

The Company assesses whether credit risk has increased significantly since initial recognition by comparing the probability of default over the expected life of the financial instrument at the balance sheet date with that determined at initial recognition to determine the relative change in default probability.

In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information available without undue cost or effort, including forward-looking information. Information considered by the Company includes:

A. Significant changes in internal price indicators resulting from changes in credit risk;

B. Adverse changes in business, financial, or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;

C. Actual or expected significant changes in the operating results of the debtor; Significant adverse changes in the regulatory, economic, or technological environment of the debtor;

D. Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements. These changes are expected to reduce the debtor's economic incentive to pay within contractual terms or affect the probability of default;

E. Significant changes in the expected economic incentive of the debtor to make repayments according to the contractual terms;

F. Expected changes in loan contracts, including whether anticipated contractual breaches might lead to covenant waivers or amendments, grace periods, interest rate step-ups, collateral/guarantee additions, or other changes to the contractual framework;

G. Significant changes in the expected performance and payment behavior of the debtor;

H. Whether contractual payments are overdue for more than (inclusive of) 30 days.

Depending on the nature of the financial instruments, the Company evaluates whether credit risk has increased significantly on an individual basis or a collective basis. When evaluated on a portfolio basis, financial instruments may be grouped based on shared credit risk characteristics, such as delinquency information and credit risk ratings.

Generally, if overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly. Unless the Company can obtain reasonable and supportable information without undue cost or effort demonstrating that credit risk has not increased significantly since initial recognition despite being overdue for more than 30 days.

④ Credit-impaired financial assets

The Company assesses at the balance sheet date whether financial assets measured at amortized cost and debt investments measured at FVOCI have become credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit impairment includes observable data about the following events:

Significant financial difficulty of the issuer or debtor; A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting a concession that would not otherwise be considered; It becoming probable that the debtor will enter bankruptcy or other financial reorganization; The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor; The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

⑤ Presentation of ECL allowance

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures ECL at each balance sheet date. The resulting increase or reversal of the loss allowance is recognized in profit or loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss allowance offsets the carrying amount of the financial asset presented in the balance sheet; for debt investments measured at FVOCI, the Company recognizes the loss allowance in other comprehensive income without reducing the carrying amount of the financial asset.

⑥ Write-off

The Company writes down the gross carrying amount of a financial asset directly when it no longer has a reasonable expectation of recovering the contractual cash flows in whole or in part. Such a write-down constitutes a derecognition of the related financial asset. This usually occurs when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off.

Subsequent recoveries of financial assets previously written off are recognized in profit or loss in the period of recovery as a reversal of impairment loss.

(6) Transfer of financial assets

Transfer of financial assets refers to the following two scenarios:

A. Transferring the contractual rights to receive cash flows from the financial asset to another party;

B. Transferring the financial asset in whole or in part to another party while retaining the contractual rights to receive cash flows, but assuming a contractual obligation to pay those cash flows to one or more recipients.

① Derecognition of transferred financial assets

A financial asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, or has neither transferred nor retained substantially all the risks and rewards of ownership, but has relinquished control over the financial asset.

In determining whether control over the transferred financial asset has been relinquished, focus is placed on the transferee's practical ability to sell the financial asset. If the transferee has the practical ability to sell the transferred financial asset in its entirety to an unrelated third party without attaching additional restrictions, the Company has relinquished control over the asset.

The Company focuses on the substance of financial asset transfers when judging whether derecognition criteria are met.

If a transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the following two amounts is recognized in profit or loss:

A. The carrying amount of the transferred financial asset;

B. The sum of consideration received from the transfer and the cumulative amount of fair value changes previously recognized directly in other comprehensive income corresponding to the derecognized part (where the transferred financial asset is classified as measured at FVOCI under Article 18 of CAS 22 - Recognition and Measurement of Financial Instruments).

If a partial transfer of a financial asset satisfies the derecognition conditions, the total carrying amount of the transferred asset is allocated between the derecognized part and the retained part (where retained servicing assets are treated as part of the continuing financial asset) based on their relative fair values on the transfer date, with the difference between the following two amounts recognized in profit or loss:

A. The carrying amount of the derecognized part on the derecognition date;

B. The sum of consideration received for the derecognized part and the cumulative amount of fair value changes previously recognized in other comprehensive income corresponding to the derecognized part (where the transferred asset is classified as measured at FVOCI under Article 18 of CAS 22).

② Continuing involvement in transferred financial assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and has not relinquished control, it recognizes the financial asset to the extent of its continuing involvement and recognizes an associated liability accordingly.

The extent of continuing involvement refers to the extent to which the enterprise is exposed to changes in the value of the transferred financial asset.

③ Continued recognition of transferred financial assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, it continues to recognize the entire financial asset and recognizes the consideration received as a financial liability.

The financial asset and the recognized associated liability shall not be offset. In subsequent accounting periods, the enterprise continues to recognize income (or gains) arising from the asset and expenses (or losses) incurred on the liability.

(7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset. However, they are presented on a net basis in the balance sheet if both of the following conditions are met:

The Company has a legally enforceable right to set off the recognized amounts, and such legal right is currently enforceable;

The Company plans to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not meet derecognition conditions, the transferor shall not offset the transferred financial asset and the related liability.

12. Notes Receivable

Basis for determining portfolios of notes receivable:

Notes receivable portfolio 1: Commercial acceptance bills

Notes receivable portfolio 2: Bank acceptance bills

For notes receivable categorized into portfolios, the Company calculates ECL based on exposure at default and the lifetime ECL rate, referencing historical credit loss experience, combined with current conditions and forecasts of future economic conditions.

13. Accounts Receivable

Basis for determining portfolios of accounts receivable:

Accounts receivable portfolio 1: Receivables from customers

For accounts receivable categorized into portfolios, the Company prepares an aging schedule and lifetime ECL rate matrix to calculate ECL, referencing historical credit loss experience, current conditions, and forecasts of future economic conditions.

14. Receivables Financing

Not applicable

15. Other Receivables

Method for Determining Expected Credit Losses and Accounting Treatment of Other Receivables

Basis for determining portfolios of other receivables:

Other receivables portfolio 1: Deposits and security deposits receivable

Other receivables portfolio 2: Employee petty cash receivable

Other receivables portfolio 3: Other receivables

For other receivables categorized into portfolios, the Company calculates ECL based on exposure at default and the 12-month or lifetime ECL rate, referencing historical credit loss experience, current conditions, and forecasts of future economic conditions.

16. Contract Assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments. The Company's right to consideration for goods or services transferred to customers (where such right depends on factors other than the passage of time) is presented as contract assets. The Company's obligation to transfer goods or services to customers for consideration received or receivable from customers is presented as contract liabilities.

For the method of determining expected credit losses and accounting treatment of contract assets, please refer to Note V.11.

Contract assets and contract liabilities are presented separately in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis. If the net amount is a debit balance, it is presented under "Contract assets" or "Other non-current assets" based on its liquidity; if the net amount is a credit balance, it is presented under "Contract liabilities" or "Other non-current liabilities" based on its liquidity. Contract assets and contract liabilities under different contracts cannot be offset against each other.

17. Inventories

(1) Classification of inventories

Inventories refer to finished goods or commodities held for sale in the ordinary course of business, work in progress in the production process, and materials and supplies consumed in the production process or rendering of services, including raw materials, work in progress, and finished goods (merchandise inventories).

(2) Valuation method for delivered inventories

The weighted average method is used upon delivery of raw materials and merchandise inventory (excluding luxury brand watches), while the specific identification method is used for luxury brand watch inventories.

(3) Inventory system

The Company adopts a perpetual inventory system and conducts physical counts at least once a year. Inventory surpluses and shortages are recognized in current profit or loss.

(4) Recognition criteria and provision method for inventory write-downs

Inventories are measured at the lower of cost and net realizable value at the balance sheet date. If the cost exceeds net realizable value, an inventory write-down provision is recognized in profit or loss.

In determining net realizable value, reliable evidence obtained is taken as the basis, taking into account the purpose of holding inventories, the impact of post-balance sheet events, and other factors.

① For inventories directly held for sale, such as finished goods, merchandise, and materials for sale, net realizable value is determined in the ordinary course of business by the estimated selling price less estimated selling expenses and related taxes. For inventories held to satisfy sales contracts or service contracts, the contract price serves as the basis for calculating net realizable value; if the quantity held exceeds the order quantity in the sales contract, the net realizable value of the excess is based on general selling prices. For materials held for sale, market prices serve as the basis for calculating net realizable value.

② For material inventories requiring processing, net realizable value is determined in the ordinary course of business by the estimated selling price of finished products less estimated costs to completion, estimated selling expenses, and related taxes. If the net realizable value of the finished products produced from the materials exceeds cost, the materials are measured at cost; if a decline in material prices indicates that the net realizable value of finished products is below cost, the materials are measured at net realizable value, and an inventory write-down provision is accrued for the difference.

③ The Company generally accrues inventory write-down provisions on an individual inventory item basis; for inventories with large quantities and low unit prices, provisions are accrued by inventory category.

④ If the factors causing previous write-downs of inventory value no longer exist at the balance sheet date, the written-down amount is restored and reversed within the original inventory write-down provision, with the reversed amount recognized in current profit or loss.

18. Assets Held for Sale

Not applicable

19. Debt Investments

Not applicable

20. Other Debt Investments

Not applicable

21. Long-Term Receivables

Not applicable

22. Long-Term Equity Investments

The Company's long-term equity investments include equity investments where it exercises control or significant influence over investees. An investee over which the Company can exert significant influence is an associate of the Company.

(1) Basis for determining significant influence over investees

Significant influence refers to the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over the formulation of those policies. In determining significant influence, consideration is given to the voting shares held directly or indirectly by the investor in the investee, as well as the effect of currently exercisable potential voting rights held by the investor and other parties assumed to be converted into equity, including warrants, share options, and convertible corporate bonds issued by the investee.

When the Company directly or indirectly holds 20% or more (inclusive) but less than 50% of the voting shares of an investee, it is generally considered to have significant influence, unless there is clear evidence indicating that it cannot participate in operating decisions and thus does not exert significant influence.

(2) Determination of initial investment cost

① For long-term equity investments formed through business combinations, investment cost is determined as follows:

A. In a business combination under common control where consideration is paid in cash, transfer of non-cash assets, or assumption of debt, the initial investment cost is the share of carrying amount of the combinee's owners' equity in the consolidated financial statements of the ultimate controlling party on the merger date. Any difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, and debts assumed is adjusted against capital reserve; if capital reserve is insufficient, it is adjusted against retained earnings;

B. In a business combination under common control where equity securities are issued as combination consideration, the initial investment cost is the share of carrying amount of the combinee's owners' equity in the consolidated financial statements of the ultimate controlling party on the merger date. The aggregate par value of shares issued is recognized as share capital; the difference between the initial investment cost and the aggregate par value is adjusted against capital reserve; if capital reserve is insufficient, it is adjusted against retained earnings;

C. In a business combination not under common control, the combination cost—determined as the fair value of assets given, liabilities incurred or assumed, and equity securities issued on the acquisition date to gain control—is recognized as the initial investment cost. Intermediary fees such as auditing, legal services, valuation, and consulting fees and other related administrative expenses incurred by the acquirer for business combinations are recognized in profit or loss when incurred.

② For long-term equity investments acquired other than through business combinations, investment cost is determined as follows:

A. For long-term equity investments acquired by cash payment, the actual purchase price paid is recognized as the investment cost. Initial investment cost includes expenses, taxes, and other necessary expenditures directly related to the acquisition;

B. For long-term equity investments acquired by issuing equity securities, the fair value of the issued equity securities is recognized as the initial investment cost;

C. For long-term equity investments acquired through non-monetary asset exchanges, if the exchange has commercial substance and the fair value of the asset received or surrendered can be measured reliably, the initial cost is based on the fair value of the surrendered asset plus related taxes, with any difference between fair value and book value recognized in profit or loss; if both conditions are not met, the carrying amount of the surrendered asset plus related taxes is recognized as the initial investment cost.

D. For long-term equity investments acquired through debt restructuring, the initial carrying amount is based on the fair value of claims waived and directly attributable taxes and other costs, with the difference between the fair value and carrying amount of waived claims recognized in profit or loss.

(3) Subsequent measurement and recognition of profit or loss

Long-term equity investments where the Company can exercise control over investees are accounted for using the cost method; long-term equity investments in associates are accounted for using the equity method.

① Cost method

For long-term equity investments accounted for using the cost method, the cost is adjusted when adding or recovering investments; cash dividends or profits declared by the investee are recognized as current investment income.

② Equity method

For long-term equity investments accounted for under the equity method, general accounting treatments are:

If the initial investment cost exceeds the Company's share of the fair value of the investee's identifiable net assets at acquisition, the initial cost is not adjusted; if the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at acquisition, the difference is recognized in profit or loss and the cost of the investment is adjusted accordingly.

The Company recognizes investment income and other comprehensive income based on its share of net profit/loss and other comprehensive income realized by the investee, while adjusting the carrying amount of the long-term equity investment; the carrying amount of the investment is reduced by the Company's share of profits or cash dividends declared by the investee; for changes in owners' equity of the investee other than net profit or loss, other comprehensive income, and profit distribution, the carrying amount is adjusted and recognized in owners' equity. In recognizing its share of the investee's net profit/loss, net profit is adjusted based on the fair value of the investee's identifiable net assets upon acquisition. If accounting policies and periods of the investee differ from those of the Company, the financial statements of the investee are adjusted to conform to the Company's accounting policies and periods before recognizing investment income and other comprehensive income. Unrealized profits and losses from internal transactions between the Company and its associates/joint ventures are eliminated in proportion to the share attributable to the Company, upon which investment gains/losses are recognized. Where unrealized internal transaction losses between the Company and investees represent asset impairment losses, they are recognized in full.

Where significant influence or joint control (without control) over an investee is obtained due to additional investments, the initial cost under the equity method is the sum of the fair value of previously held equity plus new investment costs. If the previously held equity investment was classified as an investment in other equity instruments, the difference between fair value and carrying amount, along with cumulative gains or losses previously recognized in OCI, is transferred to retained earnings in the period of adopting the equity method.

Upon loss of joint control or significant influence due to partial disposal of equity, the remaining equity is measured at fair value, with the difference between its fair value and carrying amount on the date of losing joint control or significant influence recognized in profit or loss. Other comprehensive income recognized under the equity method is accounted for on the same basis as would be required if the investee had directly disposed of the related assets or liabilities upon discontinuing the equity method.

(4) Impairment test method and provision for impairment

For methods of accruing asset impairment for investments in subsidiaries and associates, please refer to Note V.30.

23. Investment Properties

Measurement Model for Investment Properties
Cost model measurement

Depreciation or Amortization Method

(1) Classification of investment properties

Investment property refers to real estate held to earn rentals, for capital appreciation, or both. It primarily includes:

① Land use rights leased out.

② Land use rights held and intended to be transferred after appreciation.

③ Buildings leased out.

(2) Measurement model for investment properties

The Company adopts the cost model for subsequent measurement of investment properties; for the impairment provision method, please refer to Note V.30.

The Company calculates depreciation or amortization on a straight-line basis based on cost less accumulated impairment and net residual value. The depreciation periods and annual depreciation rates determined by category, estimated useful life, and estimated net residual value rate are as follows:

Category	Depreciation Period (Years)	Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings and structures	20-35	5.00	2.71-4.85

24. Fixed Assets

(1) Recognition criteria

Fixed assets are recognized at actual cost upon acquisition when both of the following conditions are met:

① It is probable that economic benefits associated with the fixed asset will flow to the enterprise.

② The cost of the fixed asset can be reliably measured.

Subsequent expenditures incurred on fixed assets meeting recognition criteria are included in the cost of fixed assets; those not meeting recognition criteria are recognized in profit or loss when incurred.

(2) Depreciation methods

Category	Depreciation Method	Depreciation Period	Residual Value Rate	Annual Depreciation Rate
Buildings and structures	Straight-line method	20-35	5%	2.71%-4.85%
Machinery and equipment	Straight-line method	10	5%-10%	9%-9.5%
Electronic equipment	Straight-line method	5	5%	19%
Transportation equipment	Straight-line method	5	5%	19%
Other equipment	Straight-line method	5	5%	19%

The Company accrues depreciation using the straight-line method starting from the month following the date the fixed asset reaches its intended usable state, determining depreciation periods and annual rates by category, estimated useful life, and estimated net residual value rate.

For fixed assets with impairment provisions accrued, the accumulated impairment provision is deducted when calculating depreciation.

At each year-end, the Company reviews the useful life, estimated net residual value, and depreciation method of fixed assets. If the estimated useful life differs from previous estimates, the useful life of the fixed asset is adjusted.

25. Construction in Progress

(1) Construction in progress is accounted for separately by approved project.

(2) Criteria and timing for transferring construction in progress to fixed assets

The carrying amount of fixed assets transferred from construction in progress comprises all expenditures incurred before the asset reaches its intended usable state. This includes construction costs, original cost of machinery and equipment, other necessary expenses incurred to bring the project to its intended usable state, as well as borrowing costs on specific borrowings and general borrowings incurred before reaching the intended usable state. The Company transfers construction in progress to fixed assets upon installation or construction completion reaching the intended usable state. Fixed assets constructed that have reached the intended usable state but have not yet finalized final accounts of completed projects are transferred to fixed assets based on estimated values derived from project budgets, construction costs, or actual costs, and depreciated according to the Company's depreciation policy from the date of reaching usable state. Upon finalization of final accounts, the estimated value is adjusted to actual cost, while previously accrued depreciation is not adjusted.

26. Borrowing Costs

(1) Recognition principles and capitalization period for borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the asset cost when all of the following conditions are met:

① Asset expenditures have been incurred;

② Borrowing costs have been incurred;

③ Acquisition, construction, or production activities necessary to prepare the asset for its intended use or sale have commenced.

Other borrowing interest, discount or premium amortization, and exchange differences are recognized in current profit or loss.

If the acquisition, construction, or production of a qualifying asset is interrupted abnormally and the interruption lasts continuously for more than 3 months, capitalization of borrowing costs is suspended.

Capitalization of borrowing costs ceases when the qualifying asset reaches its intended usable or salable state; subsequent borrowing costs are recognized as expenses in the period incurred.

(2) Calculation method of capitalization rate and capitalization amount of borrowing costs

For specific borrowings borrowed for the acquisition, construction, or production of qualifying assets, the capitalization amount is the actual interest expense incurred on the specific borrowings during the period, less interest income from unutilized funds deposited in banks or investment income from temporary investments.

Where general borrowings are utilized for the acquisition, construction, or production of qualifying assets, the interest amount to be capitalized on general borrowings is determined by multiplying the weighted average of accumulated asset expenditures exceeding specific borrowings by the capitalization rate of the general borrowings utilized. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

27. Biological Assets

Not applicable

28. Oil and Gas Assets

Not applicable

29. Intangible Assets

(1) Useful life, determination basis, estimation, amortization method, or review procedures

1) Valuation method of intangible assets

Recorded at actual cost upon acquisition.

2) Useful life and amortization of intangible assets

① Estimation of useful life for intangible assets with finite useful lives:

Item	Estimated Useful Life	Basis
Land use rights	50 years	Statutory rights of use
Software systems	5 years	Determined with reference to the period generating economic benefits for the Company
Trademark rights	5-10 years	Determined with reference to the period generating economic benefits for the Company

At each year-end, the Company reviews the useful life and amortization method of intangible assets with finite useful lives. Upon review, the useful lives and amortization methods of intangible assets at the end of the period showed no difference from previous estimates.

② Intangible assets whose period of bringing economic benefits to the enterprise is unforeseeable are regarded as intangible assets with indefinite useful lives. For intangible assets with indefinite useful lives, the Company reviews their useful lives at each year-end; if still determined as indefinite upon review, impairment tests are conducted at the balance sheet date.

③ Amortization of intangible assets

For intangible assets with finite useful lives, the Company determines their useful lives upon acquisition and amortizes them systematically and rationally over their useful lives using the straight-line method, with the amortization amount recognized in current profit or loss or included in the cost of related assets based on beneficiary items. The amortizable amount is its cost less estimated residual value. For intangible assets with impairment provisions accrued, the accumulated impairment provision is also deducted. The residual value of an intangible asset with a finite useful life is treated as zero, unless: a third party has committed to purchase the asset at the end of its useful life, or estimated residual value information can be obtained from an active market that is likely to exist at the end of its useful life.

Intangible assets with indefinite useful lives are not amortized. At each year-end, the useful lives of intangible assets with indefinite useful lives are reviewed; if evidence indicates that the useful life is finite, the useful life is estimated and amortized systematically and rationally over the estimated useful life.

(2) Scope of R&D expenditure collection and related accounting treatments

1) Scope of R&D expenditure collection

The Company collects expenses directly related to R&D activities as R&D expenditures, including employee compensation for R&D personnel, direct input costs, depreciation expenses and long-term prepaid expenses, design fees, equipment commissioning fees, amortization of intangible assets, outsourced R&D fees, other expenses, etc.

2) Criteria for distinguishing research stage and development stage of internal R&D projects

① The Company treats data collection and preparatory activities for further development as the research stage; expenditures in the research stage are recognized in profit or loss when incurred.

② Development activities conducted after the completion of the research stage are treated as the development stage.

3) Specific conditions for capitalizing development stage expenditures

Expenditures during the development stage are recognized as intangible assets only when all of the following conditions are met:

A. It is technically feasible to complete the intangible asset so that it will be available for use or sale;

B. There is an intention to complete the intangible asset and use or sell it;

C. The manner in which the intangible asset will generate economic benefits, including demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself, or, if it is to be used internally, the usefulness of the intangible asset;

D. Availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset;

E. Ability to measure reliably the expenditure attributable to the intangible asset during its development stage.

30. Impairment of Long-Term Assets

Impairment of long-term equity investments in subsidiaries and associates, investment properties measured under the cost model, fixed assets, construction in progress, right-of-use assets, and intangible assets is determined as follows:

The Company assesses at the balance sheet date whether there are indications of asset impairment; if any such indication exists, the Company estimates the recoverable amount and conducts impairment tests. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount is determined at the higher of the asset's fair value less costs of disposal and the present value of the estimated future cash flows of the asset. The Company estimates the recoverable amount on an individual asset basis; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is identified based on whether major cash inflows generated by the asset group are largely independent of cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its carrying amount, the Company writes down its carrying amount to the recoverable amount, recognizing the write-down in profit or loss and accruing a corresponding asset impairment provision.

In impairment testing, if there is an indication of impairment for an asset group or combination of asset groups related to goodwill, an impairment test is first performed on the asset group or combination excluding goodwill to calculate the recoverable amount and recognize corresponding impairment loss. Subsequently, an impairment test is performed on the asset group or combination including goodwill by comparing its carrying amount with its recoverable amount; if the recoverable amount is lower than the carrying amount, an impairment loss for goodwill is recognized.

Once recognized, asset impairment losses shall not be reversed in subsequent accounting periods.

31. Long-Term Prepaid Expenses

Long-term prepaid expenses account for expenditures already incurred with an amortization period exceeding one year to be borne by the current and subsequent periods, and are amortized evenly over the benefit period.

32. Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments. The Company's right to consideration for goods or services transferred to customers (where such right depends on factors other than the passage of time) is presented as contract assets. The Company's obligation to transfer goods or services to customers for consideration received or receivable from customers is presented as contract liabilities.

For the method of determining expected credit losses and accounting treatment of contract assets, please refer to Note V.11.

Contract assets and contract liabilities are presented separately in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis. If the net amount is a debit balance, it is presented under "Contract assets" or "Other non-current assets" based on its liquidity; if the net amount is a credit balance, it is presented under "Contract liabilities" or "Other non-current liabilities" based on its liquidity. Contract assets and contract liabilities under different contracts cannot be offset against each other.

33. Employee Benefits

(1) Accounting treatment of short-term employee benefits

① Basic employee compensation (salaries, bonuses, allowances, subsidies)

During the accounting period in which employees render services, the Company recognizes short-term employee benefits actually incurred as liabilities and in current profit or loss, unless other accounting standards require or permit inclusion in asset costs.

② Employee welfare expenses

Employee welfare expenses incurred by the Company are recognized in current profit or loss or related asset costs based on actual amounts when incurred. Non-monetary employee benefits are measured at fair value.

③ Social insurances such as medical, work-related injury, and maternity insurance, housing provident funds, trade union funds, and employee education funds

Social insurances (medical, work-related injury, maternity insurance), housing provident funds, trade union funds, and employee education funds paid by the Company are calculated and recognized as liabilities and in profit or loss or asset costs during the service period based on statutory accrual bases and proportions.

④ Short-term paid absences

The Company recognizes employee benefits related to accumulating paid absences when employees render services that increase their entitlement to future paid absences, measuring them at the additional amount expected to be paid as a result of unused entitlements. Employee benefits related to non-accumulating paid absences are recognized in the accounting period in which absences actually occur.

⑤ Short-term profit-sharing plans

The Company recognizes relevant employee benefits payable under a profit-sharing plan when all of the following conditions are met:

A. The enterprise has a present legal or constructive obligation to make payments as a result of past events;

B. The amount of obligation under the profit-sharing plan can be reliably estimated.

(2) Accounting treatment of post-employment benefits

① Defined contribution plans

During the accounting period in which employees render services, the Company recognizes the payable contribution calculated under the defined contribution plan as a liability and in current profit or loss or asset costs.

If contributions are not expected to be settled wholly before twelve months after the end of the reporting period in which employees render the related service, the Company discounts the total contributions payable to present value (using discount rates matched to government bonds or high-quality corporate bonds) to measure employee benefits payable.

② Defined benefit plans

A. Determining the present value of defined benefit obligations and current service cost

Using the projected unit credit method, unbiased and mutually compatible actuarial assumptions are applied to estimate demographic and financial variables, measuring obligations under defined benefit plans and attributing benefits to periods of service. Obligations under defined benefit plans are discounted at market yields of government bonds or high-quality corporate bonds at the balance sheet date to determine the present value of obligations and current service cost.

B. Recognizing net defined benefit liability or asset

When plan assets exist, the deficit or surplus resulting from the present value of defined benefit obligations less the fair value of plan assets is recognized as a net defined benefit liability or net asset.

If a surplus exists, the net defined benefit asset is measured at the lower of the surplus in the defined benefit plan and the asset ceiling.

C. Determining amounts recognized in asset costs or profit or loss

Service cost comprises current service cost, past service cost, and gains or losses on settlement. Except for current service costs permitted or required by other standards to be included in asset costs, service costs are recognized in profit or loss.

Net interest on the net defined benefit liability (asset), comprising interest income on plan assets, interest cost on defined benefit obligations, and interest on the effect of the asset ceiling, is recognized in profit or loss.

D. Determining amounts recognized in other comprehensive income

Remeasurements of the net defined benefit liability (asset) comprise:

(a) Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions;

(b) Return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset);

(c) Changes in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Such remeasurements are recognized directly in other comprehensive income and are not reclassified to profit or loss in subsequent periods; upon termination of the plan, all amounts previously recognized in OCI are transferred to undistributed profits within equity.

(3) Accounting treatment of termination benefits

The Company recognizes a liability and expense for termination benefits at the earlier of the following dates:

① When the enterprise can no longer unilaterally withdraw the offer of those benefits;

② When the enterprise recognizes costs for a restructuring that involves the payment of termination benefits.

If termination benefits are not expected to be settled wholly within twelve months after the end of the annual reporting period, they are discounted at market yields of matched bonds to measure employee benefits payable.

(4) Accounting treatment of other long-term employee benefits

① Meeting criteria for defined contribution plans

Where other long-term employee benefits meet the criteria of defined contribution plans, employee benefits payable are measured at discounted total contributions payable.

② Meeting criteria for defined benefit plans

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

A. Service cost;

B. Net interest on the net liability (asset) of other long-term employee benefits;

C. Changes from remeasurement of the net liability (asset) of other long-term employee benefits.

To simplify accounting treatments, the net total of the above items is recognized in profit or loss or relevant asset costs.

34. Provisions

(1) Recognition criteria for provisions

The Company recognizes an obligation related to a contingency as a provision when all of the following conditions are met:

① The obligation is a present obligation assumed by the Company;

② It is probable that an outflow of economic benefits will be required to settle the obligation;

③ The amount of the obligation can be reliably measured.

(2) Measurement method for provisions

Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, taking into account risks, uncertainties, and the time value of money related to contingencies. The carrying amount of provisions is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, it is adjusted to the current best estimate.

35. Share-Based Payments

(1) Types of share-based payments

The Company's share-based payments include cash-settled share-based payments and equity-settled share-based payments.

(2) Determination of fair value of equity instruments

① For shares granted to employees, fair value is measured at the market price of the Company's shares, adjusted for terms and conditions (excluding vesting conditions other than market conditions) upon which the shares were granted. ② For share options granted to employees, market prices are often unavailable. If no traded options with similar terms and conditions exist, the Company selects an appropriate option pricing model to estimate the fair value of granted options.

(3) Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date during the vesting period, the Company makes best estimates based on newly obtained information such as changes in the number of vesting employees, revising the number of equity instruments expected to vest.

(4) Accounting treatment for implementation of share-based payment plans

Cash-settled share-based payments

① For cash-settled share-based payments immediately exercisable after grant, the fair value of liabilities assumed by the Company is recognized in costs or expenses on the grant date, with a corresponding increase in liabilities. The fair value of the liability is remeasured at each balance sheet date and settlement date before settlement, with changes recognized in profit or loss.

② For cash-settled share-based payments exercisable only after completing vesting services or meeting performance conditions, services received are recognized in costs/expenses and liabilities at each balance sheet date during the vesting period based on the best estimate of vesting conditions and the fair value of liabilities assumed.

Equity-settled share-based payments

① For equity-settled share-based payments for employee services immediately exercisable after grant, the fair value of equity instruments is recognized in costs/expenses on the grant date, with a corresponding increase in capital reserve.

② For equity-settled share-based payments for employee services exercisable only after completing vesting services or meeting performance conditions, services received are recognized in costs/expenses and capital reserve at each balance sheet date during the vesting period based on the best estimate of vesting equity instruments at grant-date fair value.

(5) Accounting treatment for modifications to share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of equity instruments granted, the increase in services received is recognized based on the incremental fair value; if the modification increases the number of equity instruments granted, the fair value of additional equity instruments is recognized as an increase in services received. Incremental fair value refers to the difference between the fair values of modified and original equity instruments on the modification date. If the modification reduces the total fair value of share-based payments or alters terms and conditions unfavorably to employees, the Company continues to account for services received as if the modification had not occurred, unless part or all of the granted instruments are canceled.

(6) Accounting treatment for cancellations/terminations of share-based payment plans

If granted equity instruments are canceled or settled during the vesting period (other than cancellations due to failure to meet vesting conditions), the Company:

① Treats the cancellation or settlement as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized over the remainder of the vesting period;

② Treats all payments made to employees on cancellation or settlement as repurchases of equity interests, recognizing any excess of payment over the fair value of equity instruments at repurchase date in current expenses.

If the Company repurchases vested equity instruments from employees, it is deducted from owners' equity; any excess of payment over the fair value at repurchase date is recognized in profit or loss.

36. Preferred Shares, Perpetual Bonds, and Other Financial Instruments

Not applicable

37. Revenue

Disclosure of Accounting Policies for Revenue Recognition and Measurement by Business Type

(1) General principles

Revenue is the gross inflow of economic benefits arising in the course of the Company's ordinary activities that results in an increase in owners' equity, other than contributions from equity holders.

The Company recognizes revenue when performance obligations in a contract are satisfied, i.e., when the customer obtains control of the relevant goods or services. Obtaining control over relevant goods or services means being able to direct the use of, and obtain substantially all of the remaining economic benefits from, the goods or services.

If a contract contains two or more performance obligations, the Company allocates the transaction price to each individual performance obligation at contract inception in proportion to the relative standalone selling prices of promised goods or services, measuring revenue based on allocated transaction prices.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties. In determining transaction prices, if variable consideration exists, the Company determines the best estimate using the expected value or most likely amount, including it in the transaction price only to the extent that it is highly probable that a significant reversal in cumulative revenue recognized will not occur when uncertainty is resolved. If a significant financing component exists in a contract, the transaction price is determined based on the cash price that would have been paid upon obtaining control. The difference between the transaction price and contract consideration is amortized over the contract term using the effective interest method; financing components are not considered if the transfer of control and payment interval is one year or less.

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

① The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

② The customer can control the asset as it is created or enhanced during the Company's performance;

③ Goods produced during performance have no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date throughout the contract period.

For performance obligations satisfied over time, the Company recognizes revenue over time according to the progress of performance, except where progress cannot be reasonably determined. The Company determines performance progress using the input method (or output method). When performance progress cannot be reasonably determined, if incurred costs are expected to be recovered, revenue is recognized to the extent of costs incurred until progress can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control over the relevant goods. In judging whether the customer has obtained control over goods or services, the Company considers indicators including:

① The Company has a present right to payment, i.e., the customer has a present obligation to pay;

② The Company has transferred legal title of the goods to the customer, i.e., the customer has legal title;

③ The Company has transferred physical possession of the goods to the customer, i.e., the customer has physical possession;

④ The Company has transferred significant risks and rewards of ownership to the customer, i.e., the customer has acquired significant risks and rewards of ownership;

⑤ The customer has accepted the goods.

Sales with a Right of Return

For sales with a right of return, when the customer obtains control of the relevant goods, the Company recognizes revenue based on the amount of consideration to which it expects to be entitled in exchange for transferring the goods, and recognizes a provision (estimated liability) based on the amount expected to be refunded due to sales returns; at the same time, an asset (cost of return receivables) is recognized based on the carrying amount of the goods expected to be returned at transfer, less expected costs to recover those goods (including impairment in value of returned goods). Cost of sales is carried forward based on the carrying amount of transferred goods less the net amount of the aforementioned asset cost. At each balance sheet date, the Company re-estimates future sales returns and remeasures the aforementioned assets and liabilities.

Warranties

The Company provides warranties for goods sold, projects constructed, etc. in accordance with contractual terms and statutory requirements. For assurance-type warranties assuring that goods sold comply with agreed-upon specifications, the Company accounts for them in accordance with "CAS 13 — Contingencies". For service-type warranties that provide a distinct service in addition to assuring compliance with agreed-upon specifications, the Company treats them as separate performance obligations, allocating a portion of the transaction price based on the relative standalone selling prices of the goods and the service-type warranty, and recognizing revenue when the customer obtains control of the service. In assessing whether a warranty provides a distinct service beyond assurance of compliance with agreed specifications, the Company considers factors such as statutory requirements, warranty period, and the nature of tasks promised by the Company.

Principal vs. Agent

The Company assesses whether it is a principal or an agent based on whether it controls the specified goods or services before they are transferred to the customer. If the Company controls the goods or services before transfer to the customer, it acts as a principal and recognizes revenue at the gross amount of consideration received or receivable. Otherwise, the Company acts as an agent and recognizes revenue at the amount of fee or commission to which it expects to be entitled, determined on a net basis after deducting amounts payable to third parties, or based on predetermined commission amounts or percentages.

Consideration Payable to Customers

Where consideration is payable to a customer, unless it is paid in exchange for a distinct good or service received from the customer, the Company offsets such payable against the transaction price, reducing current revenue at the later of when the related revenue is recognized and when the Company pays (or promises to pay) the consideration.

Unexercised Customer Rights (Breakage)

When the Company receives advance payments for goods or services from customers, it first recognizes them as liabilities and reclassifies them as revenue upon fulfilling the performance obligations. When advance payments are non-refundable and customers may waive all or part of their contractual rights, if the Company expects to be entitled to breakage amounts, it recognizes such amounts as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the Company reclassifies the remaining liability balance to revenue only when the likelihood of the customer demanding performance of the remaining obligations is remote.

Contract Modifications

When contract modifications occur in construction contracts with customers:

1) If the modification adds distinct construction services and contract price, and the incremental price reflects standalone selling prices of the additional services, the Company accounts for the contract modification as a separate contract;

② If not falling under (1) above, and the construction services transferred up to the modification date are distinct from those not yet transferred, the Company treats the modification as a termination of the original contract and creates a new contract combining unperformed parts and modified parts;

③ If not falling under (1) above, and the construction services transferred are not distinct from those not yet transferred, the Company accounts for the modification as part of the existing contract, adjusting current revenue on the modification date for the cumulative catch-up impact on recognized revenue.

Circumstances Where Similar Businesses Adopt Different Operating Models Involving Different Revenue Recognition and Measurement Methods

(2) Specific methods

The specific revenue recognition methods of the Company are as follows:

1) Watch sales business

The Company's watch sales business constitutes performance obligations satisfied at a point in time.

A. Online sales

Revenue is recognized when goods are dispatched and acknowledged/signed for by customers, and payments have been collected by e-commerce platforms.

B. Offline sales

Revenue is recognized when goods are delivered to and accepted by customers, payments have been received or the right to receive payment has been obtained, and it is probable that associated economic benefits will flow to the Company.

C. Consignment sales (as consignor)

Under the consignment sales model, the Company recognizes revenue upon receiving sales lists from consignees and confirming that control over goods has been transferred to purchasers.

D. Commissioned consignment sales (as consignee)

Under the commissioned consignment sales model, the Company recognizes revenue on a net basis when delivered third-party consignment products to customers and confirming that control has been transferred to buyers.

2) Precision manufacturing business

The Company's precision manufacturing sales business constitutes performance obligations satisfied at a point in time. Domestic sales revenue is recognized when products are delivered to contractually designated locations and accepted by customers, payments are received or the right to collect payment is established, and associated economic benefits are probable to flow to the Company. Export sales revenue is recognized when products are cleared through customs under contract terms, bills of lading are obtained, payments are received or the right to collect payment is established, and associated economic benefits are probable to flow to the Company.

3) Property leasing business

For specific accounting policies, please refer to Note V.41 Accounting Treatment with the Company as Lessor.

38. Contract Costs

Contract costs comprise contract performance costs and contract acquisition costs.

Costs incurred by the Company to fulfill a contract are recognized as an asset (contract performance costs) when all of the following criteria are met:

① The cost relates directly to a contract or an anticipated contract, including direct labor, direct materials, manufacturing overheads (or similar expenses), costs explicitly chargeable to the customer, and other costs incurred solely because of entering into the contract;

② The cost generates or enhances resources of the Company that will be used in satisfying performance obligations in the future;

3) The cost is expected to be recovered.

Incremental costs incurred by the Company to obtain a contract are recognized as an asset (contract acquisition costs) if they are expected to be recovered.

Assets recognized for contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates; however, if the amortization period of contract acquisition costs is one year or less, the Company recognizes them in profit or loss when incurred.

An impairment loss is recognized in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds the difference between the following two items, with further assessment of whether provisions for onerous contracts should be recognized:

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

2) The estimated costs that relate directly to transferring those goods or services.

If the impairment provision is subsequently reversed, the increased carrying amount of the asset shall not exceed the carrying amount that would have been determined had no impairment provision been recognized on the reversal date.

Contract performance costs recognized as assets are presented under "Inventories" if the amortization period at initial recognition is one year or one normal operating cycle or less, and under "Other non-current assets" if exceeding one year or one normal operating cycle.

Contract acquisition costs recognized as assets are presented under "Other current assets" if the amortization period at initial recognition is one year or one normal operating cycle or less, and under "Other non-current assets" if exceeding one year or one normal operating cycle.

39. Government Grants

(1) Recognition of government grants

Government grants are recognized only when both of the following conditions are met:

1) The Company can comply with the conditions attached to the government grant;

2) The Company is able to receive the government grant.

(2) Measurement of government grants

Government grants in monetary assets are measured at the amount received or receivable. Government grants in non-monetary assets are measured at fair value; if fair value cannot be reliably determined, they are measured at a nominal amount of RMB 1.

(3) Accounting treatment of government grants

1) Asset-related government grants

Government grants acquired by the Company for purchasing, constructing, or otherwise forming long-term assets are classified as asset-related government grants. Asset-related government grants are recognized as deferred income and recognized in profit or loss on a systematic and rational basis over the useful life of the related asset. Government grants measured at nominal amounts are directly recognized in current profit or loss. If the related asset is sold, transferred, scrapped, or damaged before the end of its useful life, the unallocated balance of deferred income is transferred to profit or loss in the period of asset disposal.

2) Income-related government grants

Government grants other than asset-related government grants are classified as income-related government grants. Income-related government grants are accounted for as follows depending on circumstances:

Grants used to compensate for related costs, expenses, or losses in subsequent periods are recognized as deferred income and recognized in current profit or loss in the period in which the related costs, expenses, or losses are recognized;

grants used to compensate for related costs, expenses, or losses already incurred are directly recognized in current profit or loss.

For government grants containing both asset-related and income-related portions, they are accounted for separately; if difficult to distinguish, they are classified entirely as income-related government grants.

Government grants related to daily operating activities of the Company are recognized in other income based on economic substance. Government grants unrelated to daily operating activities are recognized in non-operating income and expenses.

3) Policy-based preferential loan interest subsidies

Where fiscal authorities allocate interest subsidies to lending banks, and lending banks provide loans to the Company at policy preferential interest rates, the actual loan amount received is recognized as the entry value, with borrowing costs calculated based on loan principal and preferential rates.

Where fiscal authorities allocate interest subsidies directly to the Company, the Company offsets the subsidies against relevant borrowing costs.

4) Repayment of government grants

When a recognized government grant needs to be refunded, if it was offset against the carrying amount of the related asset upon initial recognition, the asset carrying amount is adjusted; if there is a related deferred income balance, it is offset against the deferred income balance, and any excess is recognized in current profit or loss; in other cases, it is recognized directly in current profit or loss.

40. Deferred Income Tax Assets / Deferred Income Tax Liabilities

The Company generally uses the balance sheet liability method to recognize and measure the income tax effects of taxable temporary differences or deductible temporary differences as deferred income tax liabilities or deferred income tax assets based on the differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. The Company does not discount deferred income tax assets and deferred income tax liabilities.

(1) Recognition of deferred income tax assets

For deductible temporary differences, deductible losses, and tax credits that can be carried forward to subsequent years, the income tax effect is calculated at the tax rates expected to apply in the period of reversal and recognized as deferred income tax assets, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses, and tax credits can be utilized.

The income tax effect of deductible temporary differences arising from initial recognition of assets or liabilities in transactions or events possessing both of the following characteristics is not recognized as deferred income tax assets:

A. The transaction is not a business combination;

B. At the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss).

However, for single transactions meeting both of the above conditions where initial recognition of assets and liabilities results in equal taxable and deductible temporary differences, the initial recognition exemption for deferred income tax liabilities and assets does not apply. For taxable and deductible temporary differences arising from initial recognition of assets and liabilities in such transactions, the Company recognizes corresponding deferred tax liabilities and assets at transaction occurrence.

For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, the tax effect is recognized as deferred tax assets only when both of the following conditions are met:

A. It is probable that the temporary difference will reverse in the foreseeable future;

B. It is probable that taxable profit will be available against which the deductible temporary difference can be utilized;

At the balance sheet date, if there is solid evidence that sufficient taxable profits will be available in future periods to utilize deductible temporary differences, previously unrecognized deferred income tax assets are recognized.

At each balance sheet date, the Company reviews the carrying amount of deferred income tax assets. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of deferred income tax assets to be utilized, the carrying amount of deferred income tax assets is written down. Any such write-down is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(2) Recognition of deferred income tax liabilities

All taxable temporary differences of the Company are measured for their tax effects at tax rates expected to apply in the period of reversal and recognized as deferred income tax liabilities, except for:

1) Tax effects of taxable temporary differences arising from the following transactions/events are not recognized as deferred income tax liabilities:

A. Initial recognition of goodwill;

B. Initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (or deductible loss).

2) For taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, the tax effect is generally recognized as deferred tax liabilities, except where both of the following conditions are met:

A. The Company is able to control the timing of the reversal of the temporary difference;

B. It is probable that the temporary difference will not reverse in the foreseeable future.

(3) Recognition of deferred tax liabilities or assets involved in specific transactions

1) Deferred tax liabilities or assets related to business combinations

For taxable or deductible temporary differences arising from business combinations not under common control, the recognized deferred tax liabilities or assets and related deferred tax expenses (or income) generally adjust goodwill recognized in the combination.

② Items directly recognized in owners' equity

Current and deferred income taxes related to transactions or events recognized directly in owners' equity are recognized in owners' equity. Transactions or events whose temporary difference tax effects are recognized in owners' equity include: other comprehensive income from fair value changes of other debt investments, adjustments to beginning retained earnings under retrospective adjustment for accounting policy changes or retrospective restatement for prior-period errors, and compound financial instruments containing both liability and equity components recognized in owners' equity at initial recognition.

3) Tax losses and tax credits

A. Recoverable tax losses and tax credits arising from the Company's own operations

Deductible losses refer to losses determined in accordance with tax laws that are permitted to be carried forward to offset taxable profits in subsequent years. Unused tax losses (deductible losses) and tax credits that can be carried forward under tax laws are treated as deductible temporary differences. When it is probable that sufficient taxable profits will be available in future periods against which recoverable losses or tax credits can be utilized, corresponding deferred income tax assets are recognized up to the probable taxable profits, reducing income tax expense in current profit or loss.

B. Deductible unutilized losses of combinees arising from business combinations

In a business combination, deductible temporary differences of the acquiree obtained by the Company that do not meet deferred tax asset recognition criteria on the acquisition date are not recognized. If, within 12 months after the acquisition date, new or further information indicates that relevant conditions already existed on the acquisition date and the economic benefits of deductible temporary differences are expected to be realized, deferred income tax assets are recognized with a corresponding reduction in goodwill; if goodwill is insufficient, the difference is recognized in current profit or loss; in circumstances other than the above, deferred income tax assets related to business combinations are recognized in current profit or loss.

4) Temporary differences arising from consolidation eliminations

In preparing consolidated financial statements, if temporary differences arise between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in individual taxable entities due to elimination of unrealized internal sales profits/losses, deferred tax assets or liabilities are recognized in the consolidated balance sheet and income tax expense is adjusted in the consolidated income statement, except for deferred taxes related to transactions recognized directly in equity or business combinations.

5) Equity-settled share-based payments

If tax laws permit tax deductions for expenses related to share-based payments, during the period in which costs and expenses are recognized under accounting standards, the Company estimates the tax-deductible amount based on information obtained at the end of the accounting period to determine tax bases and resulting temporary differences, recognizing related deferred tax when recognition criteria are met. If the estimated future tax-deductible amount exceeds the cumulative costs and expenses recognized under accounting standards, the tax effect of the excess is recognized directly in owners' equity.

(4) Basis for presenting deferred income tax assets and liabilities on a net basis

The Company presents deferred income tax assets and liabilities on a net basis after offsetting when both of the following conditions are met:

1) The Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis;

2) Deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed.

41. Leases

(1) Accounting treatment of leases as lessee

1) Accounting treatment of the Company as lessee

At the commencement date of the lease, the Company recognizes a lease with a lease term of 12 months or less and containing no purchase option as a short-term lease; a lease of an underlying asset that is of low value when new is recognized as a lease of a low-value asset. If the Company subleases or expects to sublease an underlying asset, the head lease is not recognized as a lease of a low-value asset.

For all short-term leases and low-value asset leases, the Company recognizes lease payments in related asset costs or current profit or loss on a straight-line basis over each period of the lease term.

Except for short-term leases and low-value asset leases subject to simplified treatment, the Company recognizes right-of-use assets and lease liabilities at the lease commencement date.

1) Right-of-use assets

A right-of-use asset refers to a lessee's right to use an underlying asset for the lease term.

At the commencement date, the right-of-use asset is initially measured at cost. This cost comprises:

• The initial measurement amount of the lease liability;

• Lease payments made at or before the commencement date, less any lease incentives received;

• Initial direct costs incurred by the lessee;

• Estimated costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures such costs according to the criteria and methods for provisions in Note V.34. Costs incurred to produce inventories are included in the cost of inventories.

Right-of-use assets are depreciated by category using the straight-line method. Where ownership of the underlying asset is reasonably certain to be obtained at the end of the lease term, the depreciation rate is determined over the remaining useful life of the underlying asset based on asset category and estimated net residual value rate; where ownership cannot be reasonably determined to be obtained at lease expiry, depreciation is calculated over the shorter of the lease term and the remaining useful life based on asset category.

2) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments unpaid at the commencement date. Lease payments include the following five components:

• Fixed payments and in-substance fixed payments, less any lease incentives receivable;

• Variable lease payments that depend on an index or a rate;

• Exercise price of a purchase option, provided that the lessee is reasonably certain to exercise that option;

• Payments for terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease;

• Amounts expected to be payable by the lessee under residual value guarantees.

In calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate; if that rate cannot be readily determined, the Company's incremental borrowing rate is used. The difference between lease payments and their present value is treated as unrecognized financing charges, with interest expense recognized in profit or loss across each period of the lease term using the discount rate determined for discounting lease payments. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when actually incurred.

After commencement date, upon changes in in-substance fixed payments, expected amounts payable under residual value guarantees, indices or rates used to determine payments, or reassessments/actual exercises of purchase, renewal, or termination options, the Company remeasures lease liabilities at the present value of revised lease payments and adjusts the carrying amount of right-of-use assets accordingly.

2) Accounting treatment of lease modifications

1) Lease modification accounted for as a separate lease

A lease modification is accounted for as a separate lease if both of the following conditions are met: A. The modification increases the scope of the lease by adding the right to use one or more underlying assets; B. The consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

2) Lease modification not accounted for as a separate lease

A. The Company as lessee

At the effective date of the lease modification, the Company redetermines the lease term and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. In calculating the present value of revised payments, the interest rate implicit in the lease for the remainder of the term is used; if that rate cannot be determined, the lessee's incremental borrowing rate at the effective date of the modification is used.

The effects of lease liability adjustments are accounted for according to the following scenarios:

• If the modification decreases the scope of the lease or shortens the lease term, the carrying amount of the right-of-use asset is reduced, and gains or losses relating to the partial or full termination of the lease are recognized in profit or loss;

• For other lease modifications, the carrying amount of the right-of-use asset is adjusted accordingly.

3) Sale and leaseback transactions

The Company evaluates and determines whether the transfer of an asset in a sale and leaseback transaction qualifies as a sale in accordance with Note V.37.

The Company as seller (lessee)

If the transfer does not qualify as a sale, the Company continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds, accounting for the liability in accordance with Note V.11. If the transfer qualifies as a sale, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained, recognizing only the amount of any gain or loss that relates to the rights transferred to the lessor.

(2) Accounting treatment of leases as lessor

1) Accounting treatment of the Company as lessor

At the inception date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset; otherwise, it is classified as an operating lease.

1) Operating leases

The Company recognizes lease receipts from operating leases as rental income on a straight-line basis over each period of the lease term. Initial direct costs incurred are capitalized, amortized on the same basis as rental income recognition, and recognized in profit or loss in installments. Variable lease payments received relating to operating leases that are not included in lease receipts are recognized in profit or loss when actually incurred.

2) Finance leases

At the commencement date, the Company recognizes finance lease receivables based on the net investment in the lease (the sum of unguaranteed residual value and lease receipts not received at commencement date discounted at the interest rate implicit in the lease) and derecognizes the finance lease asset. Over each period of the lease term, the Company calculates and recognizes interest income using the interest rate implicit in the lease.

Variable lease payments received that are not included in the measurement of the net investment in the lease are recognized in profit or loss when actually incurred.

2) Accounting treatment of lease modifications

1) Lease modification accounted for as a separate lease

A lease modification is accounted for as a separate lease if both of the following conditions are met: A. The modification increases the scope of the lease by adding the right to use one or more underlying assets; B. The consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

2) Lease modification not accounted for as a separate lease

B. The Company as lessor

Where an operating lease is modified, the Company accounts for it as a new lease from the effective date of the modification, treating advances or receivables relating to the original lease as receipts for the new lease.

If a finance lease modification is not accounted for as a separate lease, the Company treats the modified lease as follows: if the lease would have been classified as an operating lease had the modification been effective at inception, the Company accounts for it as a new lease from the effective date of modification, measuring the asset's carrying amount at the net investment in the lease immediately before modification; if the lease would have been classified as a finance lease had the modification been effective at inception, the Company accounts for it in accordance with provisions on contractual amendments or renegotiations.

3) Sale and leaseback transactions

The Company evaluates and determines whether the transfer of an asset in a sale and leaseback transaction qualifies as a sale in accordance with Note V.37.

2) The Company as buyer (lessor)

If the transfer of an asset in a sale and leaseback transaction does not qualify as a sale, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer amount, accounting for it under Note V.11. If the transfer qualifies as a sale, the Company accounts for the purchase of the asset in accordance with applicable CAS and accounts for the lease of the asset.

42. Other Significant Accounting Policies and Accounting Estimates

Not applicable

43. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

Not applicable

(2) Changes in significant accounting estimates

Not applicable

(3) Adjustments to relevant financial statement items at the beginning of the year of first adoption of new accounting standards starting from 2026

Not applicable

44. Other

Not applicable

VI. Taxes

1. Major Tax Categories and Tax Rates

Tax Category	Tax Basis	Tax Rate
Value-added tax	Taxable revenue	Output VAT is calculated at 5%, 6%, 9%, or 13% of sales and paid after deducting allowable input

(VAT)		VAT
Consumption tax	Taxable sales value and quantity of luxury watches	20%
Urban maintenance and construction tax	Turnover taxes payable	5%, 7%
Enterprise income tax (EIT)	Taxable income	See the table below
Property tax	70% or 80% of original property cost as tax basis	1.2%, 12%

Disclosure of Taxable Entities with Different Enterprise Income Tax Rates

Name of Taxable Entity	Income Tax Rate
FIYTA Precision Technology Co., Ltd.	25%
Shenzhen Harmony World Watch Center Co., Ltd. (①)	25%
FIYTA Sales Co., Ltd. (①)	25%
Shenzhen FIYTA Precision Technology Co., Ltd. (②)	15%
Shenzhen FIYTA Technology Development Co., Ltd. (②)	15%
Harmony World Watch Center (Hainan) Co., Ltd. (⑤)	20%
Shenzhen Xunhang Precision Technology Co., Ltd.	25%
Emile Chouriet Horlogerie (Shenzhen) Co., Ltd.	25%
Liaoning Hengdarui Commercial & Trade Co., Ltd.	25%
Shiyuehui Boutique (Shenzhen) Co., Ltd.	25%
Shenzhen Harmony E-Commerce Co., Ltd. (⑤)	20%
FIYTA (Hong Kong) Limited (③)	16.5%
Montres Chouriet SA (④)	30%

Note: ① In accordance with the "Interim Measures for the Administration of Collection of Enterprise Income Tax for Cross-Regional Consolidated Taxpaying Enterprises" issued by the State Taxation Administration, the headquarters and branch offices of these companies implement the consolidated EIT payment method of "unified calculation, hierarchical management, local prepayment, consolidated settlement, and fiscal treasury adjustment". 50% is allocated and prepaid among branch offices, and 50% is allocated and prepaid by the head office;

② These companies enjoy the preferential enterprise income tax rate reduction for "High-tech Enterprises Supported by the State";

③ The company is registered in Hong Kong and subject to Hong Kong profits tax, with an applicable tax rate of 16.50% this year;

④ The company is registered in Switzerland, and according to the local tax rates of its domicile, the comprehensive effective tax rate this year is 30%;

⑤ These companies are small and micro-sized enterprises and pay enterprise income tax at a rate of 20%.

2. Tax Preferences

According to the "Enterprise Income Tax Law of the People's Republic of China", high-tech enterprises supported by the state are subject to a reduced EIT rate of 15%. The Company's subsidiary Shenzhen FIYTA Precision Technology Co., Ltd. was recognized as a High-tech Enterprise in 2024 (Certificate No.: GR202444200965, valid for 3 years) and was subject to an EIT rate of 15% from 2024 to 2026; the Company's subsidiary Shenzhen FIYTA Technology Development Co., Ltd. was recognized as a High-tech Enterprise in 2025 (Certificate No.: GR202544201002, valid for 3 years) and is subject to an EIT rate of 15% from 2025 to 2027.

Pursuant to the "Announcement of the Ministry of Finance and the State Taxation Administration on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" (Cai Shui

[2023] No. 6), the taxable income of small and micro enterprises is calculated at a reduced rate of 25%, and enterprise income tax is paid at a rate of 20%.

Pursuant to the "Notice of the Ministry of Finance and the State Taxation Administration on Extending the Loss Carryforward Period for High-tech Enterprises and Science and Technology SMEs" (Cai Shui [2018] No. 76), starting from January 1, 2018, unrecovered losses incurred in the 5 accounting years prior to obtaining high-tech enterprise qualification are allowed to be carried forward to subsequent years, with the maximum carryforward period extended from 5 years to 10 years.

Pursuant to the "Announcement of the Ministry of Finance and the State Taxation Administration on Further Improving the Policy for Pre-tax Super Deduction of R&D Expenses" (Cai Shui [2023] No. 7), for actual R&D expenses incurred by enterprises that do not form intangible assets and are included in current profit or loss, an extra 100% of the actual amount incurred is deducted before tax starting from January 1, 2023, on top of actual deductions; for those forming intangible assets, they are amortized before tax at 200% of the intangible asset cost starting from January 1, 2023.

Starting from 2019, Hong Kong implemented a two-tiered profits tax rate regime, under which the profits tax rate for the first HKD 2 million of assessable profits for Hong Kong companies is reduced to 8.25%, with remaining profits taxed at 16.5%.

3. Other

Not applicable

VII. Notes to Items in Consolidated Financial Statements

1. Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	32,057.42	34,041.22
Bank deposits	29,624,741.68	75,156,082.51
Other monetary funds	2,419,704.68	3,489,741.96
Funds deposited in finance companies	625,703,835.03	552,559,173.96
Total	657,780,338.81	631,239,039.65
Including: Total funds deposited overseas	4,354,107.60	7,127,169.50

Other Notes

Note 1: Funds deposited in finance companies mainly represent funds deposited in AVIC Finance;

Note 2: As of June 30, 2026, the Company had no funds pledged, frozen, or subject to potential recovery risks.

The details of funds deposited overseas with restricted repatriation are as follows:

Item	Ending balance	Beginning balance
Funds deposited overseas with restricted repatriation	4,354,107.60	7,127,169.50

2. Financial Assets Held for Trading

Not applicable

3. Derivative Financial Assets

Not applicable

4. Notes Receivable

(1) Classification of notes receivable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	3,396,993.79	3,665,974.22
Commercial acceptance bills	11,782,658.85	9,951,213.33
Total	15,179,652.64	13,617,187.55

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Notes receivable with bad debt provision accrued on a portfolio basis	15,799,792.57	100.00%	620,139.93	3.92%	15,179,652.64	14,140,935.62	100.00%	523,748.07	3.70%	13,617,187.55
Including:										
Commercial acceptance bills portfolio	12,402,798.78	78.50%	620,139.93	5.00%	11,782,658.85	10,474,961.40	74.08%	523,748.07	5.00%	9,951,213.33
Bank acceptance bills portfolio	3,396,993.79	21.50%	0.00	0.00%	3,396,993.79	3,665,974.22	25.92%	0.00	0.00%	3,665,974.22

Total	15,799,792.57	100.00%	620,139.93	3.92%	15,179,652.64	14,140,935.62	100.00%	523,748.07	3.70%	13,617,187.55

Category of bad debt provision on a portfolio basis: Commercial acceptance bills portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Commercial acceptance bills portfolio	12,402,798.78	620,139.93	5.00%
Total	12,402,798.78	620,139.93	

Basis for determining the portfolio: Receivables of the same type share similar credit risk characteristics.

Category of bad debt provision on a portfolio basis: Bank acceptance bills portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Bank acceptance bills portfolio	3,396,993.79	0.00	0.00%
Total	3,396,993.79	0.00	

Basis for determining the portfolio: The issuers have high credit ratings, have had no historical bill defaults, present extremely low credit loss risk, and possess strong capacity to meet contractual cash flow payment obligations in the short term.

If the general expected credit loss model is adopted for notes receivable bad debt provision:

Not applicable

(3) Bad debt provision accrued, recovered, or reversed in current period

Accrual of bad debt provisions in current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrued	Recovered or reversed	Written off	Other	
Notes receivable with bad debt provision accrued on an individual basis						
Notes receivable with bad debt provision accrued on a portfolio basis						
Including: Commercial acceptance bills portfolio	523,748.07	96,391.86				620,139.93
Bank						

acceptance bills portfolio						
Total	523,748.07	96,391.86				620,139.93

Including significant recoveries or reversals of bad debt provisions in current period:

Not applicable

(4) Notes receivable pledged by the Company at the end of the period

Not applicable

(5) Notes receivable endorsed or discounted but not yet matured at the balance sheet date

Not applicable

(6) Notes receivable actually written off in current period

Not applicable

5. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Ending gross carrying amount	Beginning gross carrying amount
Within 1 year (inclusive)	272,323,170.38	260,899,769.98
1 to 2 years	4,921,251.35	3,565,228.42
2 to 3 years	779,390.62	524,363.37
Over 3 years	9,668,485.22	9,567,138.57
3 to 4 years	524,363.37	1,410,843.36
4 to 5 years	1,400,464.05	968,144.90
Over 5 years	7,743,657.80	7,188,150.31
Total	287,692,297.57	274,556,500.34

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with bad debt	14,573,270.71	5.07%	14,281,250.02	98.00%	292,020.69	15,766,982.49	5.74%	15,433,987.23	97.89%	332,995.26

provision accrued on an individual basis										
Including:										
Accounts receivable with bad debt provision accrued on a portfolio basis	273,119,026.86	94.93%	9,120,569.56	3.34%	263,998,457.30	258,789,517.85	94.26%	9,253,972.17	3.58%	249,535,545.68
Including:										
Receivables from customers portfolio	273,119,026.86	94.93%	9,120,569.56	3.34%	263,998,457.30	258,789,517.85	94.26%	9,253,972.17	3.58%	249,535,545.68
Total	287,692,297.57	100.00%	23,401,819.58	8.13%	264,290,477.99	274,556,500.34	100.00%	24,687,959.40	8.99%	249,868,540.94

Category of individual bad debt provision: Receivables from customers

Unit: RMB

Name	Beginning balance		Ending balance			
	Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision	Provision ratio	Reason for provision
Receivables from customers	15,766,982.49	15,433,987.23	14,573,270.71	14,281,250.02	98.00%	Commercial disputes, poor customer operations, etc.
Total	15,766,982.49	15,433,987.23	14,573,270.71	14,281,250.02		

Category of portfolio bad debt provision: Receivables from customers portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Receivables from customers portfolio	273,119,026.86	9,120,569.56	3.34%
Total	273,119,026.86	9,120,569.56	

Basis for determining the portfolio: Receivables of the same type share similar credit risk characteristics.

If the general expected credit loss model is adopted for accounts receivable bad debt provision:

Not applicable

(3) Bad debt provision accrued, recovered, or reversed in current period

Accrual of bad debt provisions in current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrued	Recovered or reversed	Written off	Other	
Accounts receivable with ECL accrued on an individual basis	15,433,987.23	237,156.32	1,389,893.53			14,281,250.02
Accounts receivable with ECL accrued on a portfolio basis	9,253,972.17	-118,024.55			-15,378.06	9,120,569.56
Total	24,687,959.40	119,131.77	1,389,893.53		-15,378.06	23,401,819.58

Including significant recoveries or reversals of bad debt provisions in current period:

Not applicable

(4) Accounts receivable actually written off in current period

Not applicable

(5) Top five accounts receivable and contract assets grouped by debtor at period-end

Unit: RMB

Entity Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad debt provision and contract asset impairment provision
Summary of top five accounts receivable ending balances	76,226,406.11		76,226,406.11	26.50%	3,811,320.31
Total	76,226,406.11		76,226,406.11	26.50%	3,811,320.31

6. Contract Assets

Not applicable

7. Receivables Financing

Not applicable

8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	55,463,903.88	51,040,153.19
Total	55,463,903.88	51,040,153.19

(1) Interest receivable

1) Classification of interest receivable

Not applicable

2) Significant overdue interest

Not applicable

3) Disclosure by bad debt provision method

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Not applicable

5) Interest receivable actually written off in current period

Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Not applicable

2) Significant dividends receivable aged over 1 year

Not applicable

3) Disclosure by bad debt provision method

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Not applicable

5) Dividends receivable actually written off in current period

Not applicable

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of payment	Ending gross carrying amount	Beginning gross carrying amount
Deposits and security deposits	49,934,260.20	49,507,243.06
Employee petty cash	2,215,776.38	941,768.76
Other	10,455,237.05	7,657,685.25
Total	62,605,273.63	58,106,697.07

2) Disclosure by aging

Unit: RMB

Aging	Ending gross carrying amount	Beginning gross carrying amount
Within 1 year (inclusive)	59,901,246.28	54,498,112.58
1 to 2 years	590,786.00	2,058,962.96
2 to 3 years	572,219.82	103,556.63
Over 3 years	1,541,021.53	1,446,064.90
3 to 4 years	103,556.63	167,110.00
4 to 5 years	158,510.00	119,250.00
Over 5 years	1,278,954.90	1,159,704.90
Total	62,605,273.63	58,106,697.07

3) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accrued on an individual basis	4,425,261.16	7.07%	4,425,261.16	100.00%	0.00	4,415,241.16	7.60%	4,415,241.16	100.00%	0.00
Including:										
Accrued on a	58,180,012.47	92.93%	2,716,108.59	4.67%	55,463,903.88	53,691,455.91	92.40%	2,651,302.72	4.94%	51,040,153.19

portfolio basis										
Including:										
Deposits and security deposits portfolio	48,910,811.67	78.13%	2,493,878.09	5.10%	46,416,933.58	48,443,814.53	83.37%	2,453,308.64	5.06%	45,990,505.89
Employee petty cash portfolio	2,182,020.58	3.49%	0.00	0.00%	2,182,020.58	908,012.96	1.56%	0.00	0.00%	908,012.96
Other receivables portfolio	7,087,180.22	11.32%	222,230.50	3.14%	6,864,949.72	4,339,628.42	7.47%	197,994.08	4.56%	4,141,634.34
Total	62,605,273.63	100.00%	7,141,369.75	11.41%	55,463,903.88	58,106,697.07	100.00%	7,066,543.88	12.16%	51,040,153.19

Category of individual bad debt provision: Other receivables

Unit: RMB

Name	Beginning balance		Ending balance			
	Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision	Provision ratio	Reason for provision
Other receivables	4,415,241.16	4,415,241.16	4,425,261.16	4,425,261.16	100.00%	Disputes exist
Total	4,415,241.16	4,415,241.16	4,425,261.16	4,425,261.16		

Category of portfolio bad debt provision: Deposits and security deposits portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Deposits and security deposits portfolio	48,910,811.67	2,493,878.09	5.10%
Total	48,910,811.67	2,493,878.09	

Basis for determining the portfolio: Receivables of the same nature share similar credit risk characteristics.

Category of portfolio bad debt provision: Employee petty cash portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Employee petty cash portfolio	2,182,020.58	0.00	0.00%
Total	2,182,020.58	0.00	

Basis for determining the portfolio: Receivables of the same nature share similar credit risk characteristics.

Category of portfolio bad debt provision: Other receivables portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Other receivables portfolio	7,087,180.22	222,230.50	3.14%
Total	7,087,180.22	222,230.50	

Basis for determining the portfolio: Receivables of the same nature share similar credit risk characteristics.

Bad debt provision accrued under the general expected credit loss model:

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as of January 1, 2026	2,651,302.72		4,415,241.16	7,066,543.88
Balance as of January 1, 2026 in current period				
-- Transfer to Stage 2				
-- Transfer to Stage 3				
-- Reverse to Stage 2				
-- Reverse to Stage 1				
Accrual in current period	65,422.06		10,400.00	75,822.06
Reversal in current period			380.00	380.00
Other changes	-616.19			-616.19
Balance as of June 30, 2026	2,716,108.59		4,425,261.16	7,141,369.75

Basis for stage division and bad debt provision accrual ratios

Stage 1 represents bad debt provisions for other receivables aged within 1 year; Stage 2 represents bad debt provisions for other receivables aged over 1 year without individual assessment; Stage 3 represents bad debt provisions accrued on an individual assessment basis.

Significant changes in gross carrying amounts affecting changes in loss allowances

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Accrual of bad debt provisions in current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrued	Recovered or reversed	Write-off	Other	
Bad debt provision	7,066,543.88	75,822.06	380.00		-616.19	7,141,369.75
Total	7,066,543.88	75,822.06	380.00		-616.19	7,141,369.75

Including significant reversals or recoveries of bad debt provisions in current period:

Not applicable

5) Other receivables actually written off in current period

Not applicable

6) Top five other receivables grouped by debtor at period-end

Unit: RMB

Entity Name	Nature of payment	Ending balance	Aging	Proportion of total ending balance of other receivables	Ending balance of bad debt provision
First	Other	2,650,000.00	Within 1 year	4.23%	2,650,000.00
Second	Deposits and security deposits	1,925,263.00	Within 1 year	3.08%	96,263.15
Third	Deposits and security deposits	1,702,620.00	Within 1 year	2.72%	85,131.00
Fourth	Deposits and security deposits	1,594,477.50	Within 1 year	2.55%	79,723.88
Fifth	Deposits and security deposits	1,281,330.00	Within 1 year	2.05%	64,066.50
Total		9,153,690.50		14.62%	2,975,184.53

7) Presented in other receivables due to centralized cash management

Not applicable

9. Prepayments

(1) Presentation of prepayments by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	26,452,620.03	100.00%	4,912,759.05	100.00%
1 to 2 years	0.00	0.00%	0.00	0.00%
2 to 3 years	0.00	0.00%	0.00	0.00%
Over 3 years	0.00	0.00%	0.00	0.00%
Total	26,452,620.03		4,912,759.05	

Explanation of reasons for non-settlement of significant prepayments aged over 1 year:

Not applicable

(2) Top five prepayments grouped by payee at period-end

The aggregated ending balance of the top five prepayments grouped by payee in the current period was RMB 25,444,410.11, accounting for 96.19% of the total ending balance of prepayments.

10. Inventories

Whether the Company needs to comply with real estate industry disclosure requirements
No

(1) Classification of inventories

Unit: RMB

Item	Ending balance			Beginning balance		
	Gross carrying amount	Provision for inventory depreciation or contract performance cost impairment	Carrying amount	Gross carrying amount	Provision for inventory depreciation or contract performance cost impairment	Carrying amount
Raw materials	115,650,795.95	9,739,886.73	105,910,909.22	123,474,829.59	9,910,053.86	113,564,775.73
Work in progress	6,352,114.28	0.00	6,352,114.28	7,461,603.28	0.00	7,461,603.28
Merchandise inventory / Finished goods	1,418,376,391.81	68,139,133.17	1,350,237,258.64	1,700,030,073.29	93,074,047.64	1,606,956,025.65
Total	1,540,379,302.04	77,879,019.90	1,462,500,282.14	1,830,966,506.16	102,984,101.50	1,727,982,404.66

(2) Data resources recognized as inventories

Not applicable

(3) Provision for inventory depreciation and contract performance cost impairment

Unit: RMB

Item	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Accrued	Other	Reversal or write-off	Other	
Raw materials	9,910,053.86				170,167.13	9,739,886.73
Merchandise inventory / Finished goods	93,074,047.64			24,698,986.29	235,928.18	68,139,133.17
Total	102,984,101.50			24,698,986.29	406,095.31	77,879,019.90

Provision for inventory depreciation accrued on a portfolio basis

Not applicable

(4) Description of capitalized borrowing costs in ending inventory balances

Not applicable

(5) Description of contract performance costs amortized in current period

Not applicable

11. Assets Held for Sale

Not applicable

12. Non-Current Assets Due Within One Year

Not applicable

(1) Debt investments due within one year

Not applicable

(2) Other debt investments due within one year

Not applicable

13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Reclassification of debit VAT balance	51,005,107.59	47,303,261.96
Certificates of deposit	73,122,285.72	0.00
Prepaid taxes and surcharges	5,120,414.75	5,517,052.75
Other	8,844,687.97	13,690,557.92
Total	138,092,496.03	66,510,872.63

14. Debt Investments

Not applicable

15. Other Debt Investments

Not applicable

16. Other Equity Instrument Investments

Not applicable

17. Long-Term Receivables

(1) Long-term receivables overview

Not applicable

(2) Disclosure by bad debt provision method

Not applicable

(3) Bad debt provision accrued, recovered, or reversed in current period

Not applicable

(4) Long-term receivables actually written off in current period

Not applicable

18. Long-Term Equity Investments

Unit: RMB

Investee	Beginning balance (carrying amount)	Beginning balance of impairment provision	Changes in current period								Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Investment reduction	Investment income/loss recognized under equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends or profits declared	Impairment provision accrued	Other		
I. Joint ventures												
II. Associates												
Shanghai Watch Co., Ltd.	46,436,556.86				235,596.74						46,672,153.60	
Subtotal	46,436,556.86				235,596.74						46,672,153.60	
Total	46,436,556.86				235,596.74						46,672,153.60	

Recoverable amount determined at fair value less costs of disposal

Not applicable

Recoverable amount determined at present value of estimated future cash flows

Not applicable

Reasons for significant discrepancies between the above information and information used in prior years' impairment tests or external information

Not applicable

Reasons for significant discrepancies between information used in prior years' impairment tests and actual current-year conditions

Not applicable

Other Notes

Not applicable

19. Other Non-Current Financial Assets

Not applicable

20. Investment Properties

(1) Investment properties measured under the cost model

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Beginning balance	555,858,219.43			555,858,219.43
2. Increase in current period	2,847,419.84			2,847,419.84
(1) Purchase				
(2) Transferred from inventories / fixed assets / construction in progress	2,847,419.84			2,847,419.84
(3) Increase from business combination				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers out				
(3) Transferred to fixed assets				
4. Ending balance	558,705,639.27			558,705,639.27
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	247,587,639.06			247,587,639.06
2. Increase in current period	9,674,001.21			9,674,001.21
(1) Accrual or amortization	6,968,952.37			6,968,952.37
(2) Transferred from fixed assets	2,705,048.84			2,705,048.84
3. Decrease in current period				
(1) Disposal				

(2) Other transfers out				
(3) Transferred to fixed assets				
4. Ending balance	257,261,640.27			257,261,640.27
III. Impairment provision				
1. Beginning balance				
2. Increase in current period				
(1) Accrual				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance				
IV. Carrying amount				
1. Ending carrying amount	301,443,999.00			301,443,999.00
2. Beginning carrying amount	308,270,580.37			308,270,580.37

Recoverable amount determined at fair value less costs of disposal

Not applicable

Recoverable amount determined at present value of estimated future cash flows

Not applicable

Reasons for significant discrepancies between the above information and information used in prior years' impairment tests or external information

Not applicable

Reasons for significant discrepancies between information used in prior years' impairment tests and actual current-year conditions

Not applicable

Other Notes

Not applicable

(2) Investment properties measured under the fair value model

Not applicable

(3) Transferred to investment properties and measured at fair value

Not applicable

(4) Investment properties without property title certificates

Not applicable

21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	337,417,287.88	343,353,998.15
Disposal of fixed assets	0.00	0.00
Total	337,417,287.88	343,353,998.15

(1) Fixed assets breakdown

Unit: RMB

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	Total
I. Original carrying amount:						
1. Beginning balance	509,813,869.18	140,974,496.25	9,347,026.59	52,889,659.73	41,720,151.56	754,745,203.31
2. Increase in current period		5,445,754.48	16,479.96	2,490,641.91	634,245.50	8,587,121.85
(1) Acquisition		5,445,754.48	16,479.96	2,490,641.91	634,245.50	8,587,121.85
(2) Transferred from construction in progress						
(3) Increase from business combination						
(4) Transferred back from investment properties						
(5) Translation differences of foreign currency statements						
3. Decrease in current period	5,777,594.09	2,163,402.84	1,210,392.11	1,328,222.20	458,666.77	10,938,278.01
(1) Disposal or retirement		729,566.62	1,210,392.11	1,283,511.94	331,641.72	3,555,112.39
(2) Transferred to investment properties	2,847,419.84					2,847,419.84
(3) Translation differences of foreign currency	2,930,174.25	1,433,836.22		44,710.26	127,025.05	4,535,745.78

statements						
4. Ending balance	504,036,275.09	144,256,847.89	8,153,114.44	54,052,079.44	41,895,730.29	752,394,047.15
II. Accumulated depreciation						
1. Beginning balance	224,612,441.18	99,430,144.65	9,210,286.57	41,030,839.31	37,107,493.45	411,391,205.16
2. Increase in current period	7,379,281.95	3,554,416.79	53,084.29	1,708,421.84	549,537.47	13,244,742.34
(1) Accrual	7,379,281.95	3,554,416.79	53,084.29	1,708,421.84	549,537.47	13,244,742.34
(2) Transferred back from investment properties						
(3) Translation differences of foreign currency statements						
3. Decrease in current period	5,046,656.96	2,057,221.53	1,149,872.50	1,128,667.30	276,769.94	9,659,188.23
(1) Disposal or retirement		648,811.03	1,149,872.50	1,085,909.50	149,757.67	3,034,350.70
(2) Transferred to investment properties	2,705,048.84					2,705,048.84
(3) Translation differences of foreign currency statements	2,341,608.12	1,408,410.50		42,757.80	127,012.27	3,919,788.69
4. Ending balance	226,945,066.17	100,927,339.91	8,113,498.36	41,610,593.85	37,380,260.98	414,976,759.27
III. Impairment provision						
1. Beginning balance						
2. Increase in current period						
(1) Accrual						
3. Decrease in current period						
(1) Disposal or retirement						
4. Ending balance						
IV. Carrying amount						
1. Ending	277,091,208.9	43,329,507.98	39,616.08	12,441,485.59	4,515,469.31	337,417,287.8

carrying amount	2					8
2. Beginning carrying amount	285,201,428.00	41,544,351.60	136,740.02	11,858,820.42	4,612,658.11	343,353,998.15

(2) Temporarily idle fixed assets

Not applicable

(3) Fixed assets leased out under operating leases

Not applicable

(4) Fixed assets without property title certificates

Unit: RMB

Item	Carrying amount	Reason for title certificates not yet completed
Buildings and structures	150,453.94	Defects in property rights

(5) Impairment tests of fixed assets

Not applicable

(6) Disposal of fixed assets

Not applicable

22. Construction in Progress

(1) Construction in progress overview

Not applicable

(2) Changes in major construction in progress projects during current period

Not applicable

(3) Impairment provisions accrued for construction in progress during current period

Not applicable

(4) Impairment tests of construction in progress

Not applicable

(5) Engineering materials

Not applicable

23. Productive Biological Assets

(1) Productive biological assets measured under the cost model

Not applicable

(2) Impairment tests of productive biological assets measured under the cost model

Not applicable

(3) Productive biological assets measured under the fair value model

Not applicable

24. Oil and Gas Assets

Not applicable

25. Right-of-Use Assets

(1) Breakdown of right-of-use assets

Unit: RMB

Item	Buildings and structures	Total
I. Original carrying amount		
1. Beginning balance	189,258,884.19	189,258,884.19
2. Increase in current period	35,107,980.23	35,107,980.23
(1) Lease	35,107,980.23	35,107,980.23
3. Decrease in current period	59,096,717.77	59,096,717.77
(1) Disposal	59,092,725.61	59,092,725.61
(2) Translation differences of foreign currency statements	3,992.16	3,992.16
4. Ending balance	165,270,146.65	165,270,146.65
II. Accumulated depreciation		
1. Beginning balance	116,467,792.13	116,467,792.13
2. Increase in current period	42,251,023.88	42,251,023.88
(1) Accrual	42,251,023.88	42,251,023.88
(2) Translation differences of foreign currency statements		
3. Decrease in current period	55,496,801.21	55,496,801.21
(1) Disposal	55,496,801.21	55,496,801.21
4. Ending balance	103,222,014.80	103,222,014.80
III. Impairment provision		

1. Beginning balance		
2. Increase in current period		
(1) Accrual		
3. Decrease in current period		
(1) Disposal		
4. Ending balance		
IV. Carrying amount		
1. Ending carrying amount	62,048,131.85	62,048,131.85
2. Beginning carrying amount	72,791,092.06	72,791,092.06

(2) Impairment tests of right-of-use assets

Not applicable

26. Intangible Assets

(1) Breakdown of intangible assets

Unit: RMB

Item	Land use rights	Patents	Non-patent technology	Software systems	Trademark rights	Total
I. Original carrying amount						
1. Beginning balance	34,933,822.40			41,923,737.44	16,630,014.38	93,487,574.22
2. Increase in current period				637,672.77		637,672.77
(1) Acquisition				637,672.77		637,672.77
(2) Internal R&D						
(3) Increase from business combination						
(4) Translation differences of foreign currency statements						
3. Decrease in current period				15,762.40	0.46	15,762.86
(1) Disposal						
(2) Translation differences of foreign currency statements				15,762.40	0.46	15,762.86
4. Ending balance	34,933,822.40			42,545,647.81	16,630,013.92	94,109,484.13

II. Accumulated amortization						
1. Beginning balance	18,716,581.87			32,720,189.07	10,330,059.24	61,766,830.18
2. Increase in current period	366,776.65			1,054,451.09	7,383.44	1,428,611.18
(1) Accrual	366,776.65			1,054,451.09	7,383.44	1,428,611.18
3. Decrease in current period				6,304.96		6,304.96
(1) Disposal						
(2) Translation differences of foreign currency statements				6,304.96		6,304.96
4. Ending balance	19,083,358.52			33,768,335.20	10,337,442.68	63,189,136.40
III. Impairment provision						
1. Beginning balance						
2. Increase in current period						
(1) Accrual						
3. Decrease in current period						
(1) Disposal						
4. Ending balance						
IV. Carrying amount						
1. Ending carrying amount	15,850,463.88			8,777,312.61	6,292,571.24	30,920,347.73
2. Beginning carrying amount	16,217,240.53			9,203,548.37	6,299,955.14	31,720,744.04

Proportion of intangible assets formed through internal R&D to ending intangible asset balance: 0.00%

(2) Data resources recognized as intangible assets

Not applicable

(3) Land use rights without title certificates

Not applicable

(4) Impairment tests of intangible assets

Not applicable

27. Goodwill

(1) Original carrying amount of goodwill

Not applicable

(2) Provision for goodwill impairment

Not applicable

(3) Relevant information of asset group or portfolio containing goodwill

Not applicable

(4) Specific determination method of recoverable amounts

Not applicable

(5) Fulfillment of performance commitments and corresponding goodwill impairment

Not applicable

28. Long-Term Prepaid Expenses

Unit: RMB

Item	Beginning balance	Increase in current period	Amortization in current period	Other decreases	Ending balance
Decoration and shop counter construction expenses	76,231,700.49	7,330,749.24	26,561,168.68	507,115.39	56,494,165.66
Other	12,942,569.01	2,615,544.98	3,101,463.78		12,456,650.21
Total	89,174,269.50	9,946,294.22	29,662,632.46	507,115.39	68,950,815.87

29. Deferred Income Tax Assets / Deferred Income Tax Liabilities

(1) Un-offset deferred income tax assets

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Asset impairment provisions	98,644,996.59	22,145,545.82	123,393,575.15	28,379,525.24

Unrealized profits from internal transactions	48,833,283.15	11,930,325.18	73,681,954.31	17,864,553.33
Deductible losses	266,996,150.00	57,569,144.35	203,464,885.90	45,249,255.22
Advertising and publicity expenses deductible in subsequent years	15,852,279.52	3,963,069.88	0.00	0.00
Lease liabilities	69,456,113.89	17,364,028.48	74,789,934.31	18,697,483.59
Other	4,233,830.22	1,058,457.55	5,030,696.54	1,248,681.80
Total	504,016,653.37	114,030,571.26	480,361,046.21	111,439,499.18

(2) Un-offset deferred income tax liabilities

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
One-time pre-tax deduction of fixed assets	27,952,923.40	4,192,938.51	27,169,935.68	4,075,490.34
Right-of-use assets	68,612,775.52	17,153,193.88	72,643,762.42	18,160,940.61
Total	96,565,698.92	21,346,132.39	99,813,698.10	22,236,430.95

(3) Deferred income tax assets or liabilities presented on a net basis

Unit: RMB

Item	Offset amount of deferred tax assets and liabilities at period-end	Net ending balance of deferred tax assets or liabilities after offset	Offset amount of deferred tax assets and liabilities at beginning of period	Net beginning balance of deferred tax assets or liabilities after offset
Deferred income tax assets	20,763,124.25	93,267,447.01	20,713,435.30	90,726,063.88
Deferred income tax liabilities	20,763,124.25	583,008.14	20,713,435.30	1,522,995.65

(4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary differences	10,582,452.38	11,868,777.70
Deductible losses	0.00	0.00
Total	10,582,452.38	11,868,777.70

(5) Deductible losses of unrecognized deferred tax assets expiring in subsequent years

Not applicable

30. Other Non-Current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Prepayments for long-term assets	171,008,639.08		171,008,639.08	5,757,347.81		5,757,347.81
Total	171,008,639.08		171,008,639.08	5,757,347.81		5,757,347.81

31. Assets with Restricted Ownership or Use Rights

Not applicable

32. Short-Term Borrowings

(1) Classification of short-term borrowings

Not applicable

(2) Overdue outstanding short-term borrowings

Not applicable

33. Financial Liabilities Held for Trading

Not applicable

34. Derivative Financial Liabilities

Not applicable

35. Notes Payable

Not applicable

36. Accounts Payable

(1) Presentation of accounts payable

Unit: RMB

Item	Ending balance	Beginning balance
Payables for goods	68,846,072.91	94,791,440.02
Total	68,846,072.91	94,791,440.02

(2) Significant accounts payable aged over 1 year or overdue

Not applicable

37. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Other payables	78,195,511.10	75,141,232.27
Total	78,195,511.10	75,141,232.27

(1) Interest payable

Not applicable

(2) Dividends payable

Not applicable

(3) Other payables

1) Presentation of other payables by nature

Unit: RMB

Item	Ending balance	Beginning balance
Deposits and security deposits	28,985,384.66	28,070,048.35
Decoration payables	3,595,389.05	3,524,465.97
Accrued expenses and other payables	45,614,737.39	43,546,717.95
Total	78,195,511.10	75,141,232.27

2) Significant other payables aged over 1 year or overdue

Not applicable

38. Advances from Customers

(1) Presentation of advances from customers

Unit: RMB

Item	Ending balance	Beginning balance
Rental advances	7,051,846.87	11,368,005.63
Total	7,051,846.87	11,368,005.63

(2) Significant advances from customers aged over 1 year or overdue

Not applicable

39. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advances received for goods	18,121,608.21	16,450,934.50
Total	18,121,608.21	16,450,934.50

Significant contract liabilities aged over 1 year

Not applicable

Amounts and reasons for significant changes in carrying amounts during reporting period

Not applicable

40. Employee Benefits Payable

(1) Presentation of employee benefits payable

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
I. Short-term employee benefits	67,568,251.00	224,189,841.22	234,035,826.57	57,722,265.65
II. Post-employment benefits - Defined contribution plans	7,642,994.24	22,650,044.70	24,459,412.03	5,833,626.91
III. Termination benefits	4,847,972.58	2,662,784.40	6,787,901.21	722,855.77
Total	80,059,217.82	249,502,670.32	265,283,139.81	64,278,748.33

(2) Presentation of short-term employee benefits

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
1. Salaries, bonuses, allowances, and subsidies	66,563,202.49	199,846,803.10	209,868,028.77	56,541,976.82
2. Employee welfare expenses	5,661.88	4,036,561.78	4,014,725.58	27,498.08
3. Social insurance premiums	349,672.75	9,230,744.29	9,225,968.33	354,448.71
Including: Medical insurance premiums	349,594.43	8,252,005.25	8,247,297.51	354,302.17
Work-related injury insurance premiums	78.32	604,965.09	604,896.87	146.54
Maternity insurance premiums	0.00	373,773.95	373,773.95	0.00
4. Housing provident funds	16,453.20	8,089,778.57	8,105,559.77	672.00
5. Union running	633,260.68	2,985,953.48	2,821,544.12	797,670.04

costs and employee education funds				
Total	67,568,251.00	224,189,841.22	234,035,826.57	57,722,265.65

(3) Presentation of defined contribution plans

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
1. Basic pension insurance	153,864.51	19,565,992.45	19,674,056.00	45,800.96
2. Unemployment insurance premiums	126.27	795,957.89	795,362.98	721.18
3. Enterprise annuity contributions	7,489,003.46	2,288,094.36	3,989,993.05	5,787,104.77
Total	7,642,994.24	22,650,044.70	24,459,412.03	5,833,626.91

41. Taxes and Surcharges Payable

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax (VAT)	27,745,887.68	24,404,139.24
Enterprise income tax (EIT)	16,639,669.59	12,878,070.87
Individual income tax	717,830.57	969,315.24
Urban maintenance and construction tax	667,021.47	453,029.07
Educational surcharges	476,950.35	316,181.96
Other	3,809,182.79	1,177,277.66
Total	50,056,542.45	40,198,014.04

42. Liabilities Held for Sale

Not applicable

43. Non-Current Liabilities Due Within One Year

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	48,155,286.06	57,044,492.54
Total	48,155,286.06	57,044,492.54

44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Output VAT to be transferred	1,870,242.74	2,392,725.11
Total	1,870,242.74	2,392,725.11

Changes in short-term bonds payable:

Not applicable

45. Long-Term Borrowings

(1) Classification of long-term borrowings

Not applicable

46. Bonds Payable

(1) Bonds payable

Not applicable

(2) Changes in bonds payable (excluding preferred shares, perpetual bonds, and other financial instruments classified as financial liabilities)

Not applicable

(3) Explanation of convertible corporate bonds

Not applicable

(4) Explanation of other financial instruments classified as financial liabilities

Not applicable

47. Lease Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Buildings and structures	63,976,001.44	76,851,971.25
Unrecognized financing charges	-1,084,251.20	-1,915,088.40
Lease liabilities due within one year	-48,155,286.06	-57,044,492.54
Total	14,736,464.18	17,892,390.31

48. Long-Term Payables

Not applicable

(1) Presentation of long-term payables by nature

Not applicable

(2) Special payables

Not applicable

49. Long-Term Employee Benefits Payable

(1) Statement of long-term employee benefits payable

Not applicable

(2) Changes in defined benefit plans

Not applicable

50. Provisions

Not applicable

51. Deferred Income

Not applicable

52. Other Non-Current Liabilities

Not applicable

53. Share Capital

Unit: RMB

	Beginning balance	Changes during current period (+, -)					Ending balance
		Issuance of new shares	Bonus shares	Conversion of capital reserve into shares	Other	Subtotal	
Total number of shares	405,764,007.00	0.00	0.00	0.00	0.00	0.00	405,764,007.00

54. Other Equity Instruments

(1) Basic information on preferred shares, perpetual bonds, and other financial instruments outstanding at period-end

Not applicable

(2) Statement of changes in preferred shares, perpetual bonds, and other financial instruments outstanding at period-end

Not applicable

55. Capital Reserve

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
Capital premium (share premium)	921,603,733.97	0.00	0.00	921,603,733.97
Other capital reserve	14,005,517.97	0.00	0.00	14,005,517.97
Total	935,609,251.94	0.00	0.00	935,609,251.94

Other notes, including changes in current period and reasons for changes:

Not applicable

56. Treasury Shares

Not applicable

57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Amount incurred in current period						Ending balance
		Amount before income tax in current period	Less: Reclassification of previous OCI into profit or loss	Less: Reclassification of previous OCI into retained earnings	Less: Income tax expense	Net-of-tax amount attributable to parent company	Net-of-tax amount attributable to non-controlling interests	
I. Other comprehensive income that cannot be reclassified to profit or loss								
Including: Changes in remeasurement of defined benefit plans								
Other								

comprehensive income that cannot be transferred to profit or loss under equity method								
Fair value changes of other equity instrument investments								
Fair value changes of enterprise's own credit risk								
II. Other comprehensive income that will be reclassified to profit or loss	23,665,217.37	-8,670,432.39				-8,670,432.39		14,994,784.98
Including: Other comprehensive income that can be transferred to profit or loss under equity method								
Fair value changes of other debt investments								
Amount of								

financial assets reclassified into other comprehensive income								
Credit impairment provisions for other debt investments								
Cash flow hedge reserve								
Translation differences of foreign currency financial statements	23,665,217.37	-8,670,432.39				-8,670,432.39		14,994,784.98
Total other comprehensive income	23,665,217.37	-8,670,432.39				-8,670,432.39		14,994,784.98

58. Special Reserve

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
Work safety funds	3,961,169.87	260,691.30	349,848.38	3,872,012.79
Total	3,961,169.87	260,691.30	349,848.38	3,872,012.79

59. Surplus Reserve

Unit: RMB

Item	Beginning balance	Increased in current period	Decrease in current period	Ending balance
Statutory surplus reserve	213,025,507.50	0.00	0.00	213,025,507.50
Discretionary surplus reserve	61,984,894.00	0.00	0.00	61,984,894.00

Total	275,010,401.50	0.00	0.00	275,010,401.50

60. Undistributed Profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of prior period before adjustment	1,692,530,114.77	1,767,517,887.94
Total adjustment of beginning undistributed profits (increase +, decrease -)	0.00	0.00
Beginning undistributed profits after adjustment	1,692,530,114.77	1,767,517,887.94
Add: Net profit attributable to owners of the parent company in current period	100,504,370.41	87,317,829.63
Dividends payable on ordinary shares	48,691,680.84	162,305,602.80
Ending undistributed profits	1,744,342,804.34	1,692,530,114.77

Details of adjustments to beginning undistributed profits:

1) Due to retrospective adjustments under CAS and relevant new regulations, beginning undistributed profits were affected by RMB 0.00.

2) Due to changes in accounting policies, beginning undistributed profits were affected by RMB 0.00.

3) Due to corrections of material accounting errors, beginning undistributed profits were affected by RMB 0.00.

4) Due to changes in the scope of consolidation under common control, beginning undistributed profits were affected by RMB 0.00.

5) Other adjustments collectively affected beginning undistributed profits by RMB 0.00.

61. Operating Revenue and Operating Costs

Unit: RMB

Item	Amount incurred in current period		Amount in prior period	
	Revenue	Costs	Revenue	Costs
Principal businesses	1,823,698,835.87	1,185,961,781.16	1,777,911,239.83	1,149,101,334.42
Other businesses	16,781,504.61	10,241,040.61	6,220,697.40	707,277.15
Total	1,840,480,340.48	1,196,202,821.77	1,784,131,937.23	1,149,808,611.57

Disaggregated information of operating revenue and operating costs:

Unit: RMB

Contract Classification	Segment 1		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Business Type				
Including:				
Watch brand business	252,452,120.62	70,365,782.78	252,452,120.62	70,365,782.78
Comprehensive luxury watch service business	1,439,244,294.54	1,032,651,556.04	1,439,244,294.54	1,032,651,556.04
Precision technology business	79,085,973.27	66,190,591.02	79,085,973.27	66,190,591.02

Leasing business	52,916,447.44	16,753,851.32	52,916,447.44	16,753,851.32
Other	16,781,504.61	10,241,040.61	16,781,504.61	10,241,040.61
By Operating Region				
Including:				
South China	846,839,128.62	546,188,552.47	846,839,128.62	546,188,552.47
Northwest China	255,622,443.68	165,765,219.64	255,622,443.68	165,765,219.64
North China	67,720,684.71	41,875,442.33	67,720,684.71	41,875,442.33
East China	152,531,098.84	94,900,877.97	152,531,098.84	94,900,877.97
Northeast China	181,784,914.65	127,934,009.81	181,784,914.65	127,934,009.81
Southwest China	335,982,069.98	219,538,719.55	335,982,069.98	219,538,719.55
Total	1,840,480,340.48	1,196,202,821.77	1,840,480,340.48	1,196,202,821.77

Other Notes

See Note V.37 for details.

Information related to transaction prices allocated to remaining performance obligations:

At the end of the reporting period, revenue corresponding to performance obligations that have been signed but not yet performed or completed was RMB 0.00.

Information related to variable consideration in contracts:

Not applicable

Significant Contract Modifications or Major Transaction Price Adjustments

Not applicable

62. Taxes and Surcharges

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Consumption tax	1,161,736.13	1,206,242.82
Urban maintenance and construction tax	6,815,670.98	5,065,292.07
Educational surcharges	4,855,547.05	3,560,819.76
Property tax	3,711,955.46	3,761,835.26
Land use tax	200,921.98	193,107.20
Vehicle and vessel usage tax	1,680.00	1,020.00
Stamp duty	1,393,054.07	1,137,269.96
Other	321,875.39	587,613.97
Total	18,462,441.06	15,513,201.04

63. Administrative Expenses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Employee benefits	72,836,051.07	70,190,119.12
Depreciation and amortization	9,761,906.82	10,093,537.37
Travel expenses	1,589,706.47	697,547.75
Office expenses	1,318,846.75	1,218,376.72
Intermediary fees	1,615,228.32	1,543,816.43
Utilities, property management, and rental expenses	1,508,452.49	1,554,287.31
Business entertainment expenses	215,725.98	229,638.66

Vehicle and transportation expenses	476,856.31	431,178.16
Communication expenses	72,843.71	106,156.57
Other	5,959,170.82	3,906,851.92
Total	95,354,788.74	89,971,510.01

64. Selling Expenses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Employee benefits	118,180,389.36	151,438,933.03
Mall and rental expenses	82,328,499.83	64,976,038.21
Advertising, exhibition, and marketing promotion expenses	62,380,235.33	66,944,607.21
Depreciation and amortization	69,408,538.50	85,895,948.64
Packaging expenses	2,613,732.57	3,354,092.79
Utilities and property management fees	9,947,390.90	10,758,091.61
Transportation expenses	2,049,319.60	2,155,504.25
Office expenses	1,834,779.28	2,092,204.90
Travel expenses	1,818,131.83	1,727,206.33
Business entertainment expenses	593,496.54	882,474.30
Other	9,499,741.59	2,582,931.38
Total	360,654,255.33	392,808,032.65

65. R&D Expenses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Employee benefits	33,415,540.82	25,193,556.07
Sample and material costs	1,317,816.72	427,397.19
Depreciation and amortization	2,463,373.05	2,484,373.63
Technical cooperation expenses	425,254.93	1,292,546.07
Other	3,095,411.12	3,689,998.37
Total	40,717,396.64	33,087,871.33

66. Financial Expenses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Interest expense	1,186,429.02	2,390,395.42
Less: Capitalized interest	0.00	0.00
Less: Interest income	1,831,836.70	1,870,950.85
Foreign exchange gains/losses	-1,511,346.78	-560,384.92
Bank handling charges and other expenses	5,192,195.34	5,681,020.64
Total	3,035,440.88	5,640,080.29

67. Other Income

Unit: RMB

Sources Generating Other Income	Amount incurred in current period	Amount in prior period

Government grants	1,916,497.10	1,509,835.03
Handling fees for withholding individual income tax	619,576.19	565,713.33
Additional deduction for input VAT	619,229.75	871,341.32
Total	3,155,303.04	2,946,889.68

68. Net Exposure Hedging Gains

Not applicable

69. Gains from Changes in Fair Value

Not applicable

70. Investment Income

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Investment income from long-term equity investments under equity method	235,596.74	494,545.14
Interest on time deposits	394,557.22	247,499.84
Total	630,153.96	742,044.98

71. Credit Impairment Losses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Bad debt losses on notes receivable	-96,391.86	676,063.08
Bad debt losses on accounts receivable	1,270,761.76	1,433,272.16
Bad debt losses on other receivables	-75,442.06	118,839.22
Total	1,098,927.84	2,228,174.46

72. Asset Impairment Losses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
I. Inventory depreciation losses and contract performance cost impairment losses	0.00	1,780,567.39
II. Impairment losses on long-term equity investments		
III. Impairment losses on investment properties		
IV. Impairment losses on fixed assets		
V. Impairment losses on engineering materials		

VI. Impairment losses on construction in progress		
VII. Impairment losses on productive biological assets		
VIII. Impairment losses on oil and gas assets		
IX. Impairment losses on intangible assets		
X. Impairment losses on goodwill		
XI. Impairment losses on contract assets		
XII. Other		
Total	0.00	1,780,567.39

73. Gains on Disposal of Assets

Unit: RMB

Sources of Gains on Disposal of Assets	Amount incurred in current period	Amount in prior period
Gains or losses on disposal of fixed assets	-72,202.13	-136,999.29
Gains or losses on disposal of right-of-use assets	546,265.61	-287,408.03
Total	474,063.48	-424,407.32

74. Non-Operating Income

Unit: RMB

Item	Amount incurred in current period	Amount in prior period	Amount recognized in current non-recurring profit or loss
Payables no longer required to be paid	342.85	208,509.16	342.85
Compensation income	537,470.88	913,547.80	537,470.88
Other	115,267.30	82,150.96	115,267.30
Total	653,081.03	1,204,207.92	653,081.03

75. Non-Operating Expenses

Unit: RMB

Item	Amount incurred in current period	Amount in prior period	Amount recognized in current non-recurring profit or loss
Losses on non-monetary asset exchanges	0.00	0.00	0.00
External donations	0.00	0.00	0.00
Fines and late payment surcharges	347,117.28	139,702.96	347,117.28
Liquidated damages	43,279.99	1,045.00	43,279.99

Other	9,816.95	78,693.73	9,816.95
Total	400,214.22	219,441.69	400,214.22

76. Income Tax Expense

(1) Statement of income tax expense

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Current income tax expense	34,641,511.42	21,933,368.58
Deferred income tax expense	-3,481,370.64	1,181,797.15
Total	31,160,140.78	23,115,165.73

(2) Reconciliation of accounting profit to income tax expense

Unit: RMB

Item	Amount incurred in current period
Total profit	131,664,511.19
Income tax expense calculated at statutory/applicable tax rates	32,916,127.80
Impact of different tax rates applicable to subsidiaries	148,591.51
Impact of adjustments to income tax of prior periods	310,828.33
Impact of non-taxable income	-58,899.19
Impact of non-deductible costs, expenses, and losses	1,066,613.03
Super deduction for R&D expenses	-3,223,120.70
Income tax expense	31,160,140.78

77. Other Comprehensive Income

See Note VII.57 for details.

78. Cash Flow Statement Items

(1) Cash related to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Deposits and security deposits	1,647,257.08	4,721,865.96
Government grants	2,226,588.68	1,698,194.84
Product promotion fees	1,067,423.08	2,732,719.87
Interest income	1,831,836.70	1,913,911.99
Petty cash	377,419.23	843,906.32
Other	2,934,491.87	8,406,114.61
Total	10,085,016.64	20,316,713.59

Cash paid relating to other operating activities

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Deposits and security deposits	5,371,300.42	5,929,267.55
Period expenses and other expenses	152,962,069.84	145,952,265.33
Total	158,333,370.26	151,881,532.88

(2) Cash related to investing activities

Cash received relating to other investing activities

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Maturity of time deposits	3,389,433.51	104,282,319.06
Total	3,389,433.51	104,282,319.06

Significant cash received relating to investing activities

Not applicable

Cash paid relating to other investing activities

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Placement of time deposits	76,251,159.49	111,168,651.92
Total	76,251,159.49	111,168,651.92

Significant cash paid relating to investing activities

Not applicable

(3) Cash related to financing activities

Cash received relating to other financing activities

Not applicable

Cash paid relating to other financing activities

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Cash outflow for leases	46,135,370.10	45,795,435.69
Total	46,135,370.10	45,795,435.69

Explanation of cash paid relating to other financing activities:

Not applicable

Changes in liabilities arising from financing activities

Unit: RMB

Item	Beginning balance	Increased in current period		Decrease in current period		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings		11,000,000.00	32,926.07	11,032,926.07		
Dividends payable			48,691,680.84	48,691,680.84		
Non-current liabilities due within one year	57,044,492.54		37,246,163.62	46,135,370.10		48,155,286.06

Lease liabilities	17,892,390.31		34,090,237.49		37,246,163.62	14,736,464.18
Total	74,936,882.85	11,000,000.00	120,061,008.02	105,859,977.01	37,246,163.62	62,891,750.24

(4) Description of cash flows presented on a net basis

Not applicable

(5) Significant activities and financial impacts not involving current cash flows but affecting financial position or future cash flows

Not applicable

79. Supplementary Information to the Cash Flow Statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary Information	Amount in Current Period	Amount in prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	100,504,370.41	82,445,500.03
Add: Asset impairment provisions	-1,098,927.84	-4,008,741.85
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	20,213,694.71	20,339,883.04
Depreciation of right-of-use assets	42,251,023.88	49,457,474.41
Amortization of intangible assets	1,428,611.18	1,441,178.28
Amortization of long-term prepaid expenses	29,662,632.46	36,795,322.80
Losses on disposal of fixed assets, intangible assets, and other long-term assets (gains are indicated by "-")	-474,063.48	424,407.32
Losses on scrapping of fixed assets (gains are indicated by "-")		
Losses from changes in fair value (gains are indicated by "-")		
Financial expenses (income is indicated by "-")	1,186,429.02	1,830,010.50
Investment losses (income is indicated by "-")	-630,153.96	-742,044.98
Decrease in deferred tax assets (increase is indicated by "-")	-2,541,383.13	4,768,466.33
Increase in deferred tax	-939,987.51	-2,856,417.52

liabilities (decrease is indicated by "-")		
Decrease in inventories (increase is indicated by "-")	290,587,204.12	141,549,995.09
Decrease in operating receivables (increase is indicated by "-")	-40,736,699.86	-38,310,215.86
Increase in operating payables (decrease is indicated by "-")	-55,440,129.60	-41,644,010.52
Other		
Net cash flows from operating activities	383,972,620.40	251,490,807.07
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets leased under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	657,780,338.81	539,306,933.97
Less: Beginning balance of cash	631,239,039.65	518,954,177.49
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	26,541,299.16	20,352,756.48

(2) Net cash paid for acquisition of subsidiaries in current period

Not applicable

(3) Net cash received from disposal of subsidiaries in current period

Not applicable

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	657,780,338.81	631,239,039.65
Including: Cash on hand	32,057.42	34,041.22
Bank deposits readily available for payment	655,328,576.71	627,225,875.81
Other monetary funds readily	2,419,704.68	3,979,122.62

available for payment		
II. Cash equivalents		
Including: Bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	657,780,338.81	631,239,039.65
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group	4,354,107.60	7,127,169.50

(5) Circumstances where funds are restricted in use but still presented as cash and cash equivalents

Unit: RMB

Item	Amount in Current Period	Amount in prior period	Reason for still qualifying as cash and cash equivalents
Bank deposits	4,354,107.60	499,487.91	Account funds of the Company's subsidiary FIYTA (Hong Kong) Limited and sub-subsidiary Montres Chouriet SA are deposited overseas with restricted repatriation, but their routine operational use is not affected.
Total	4,354,107.60	499,487.91	

(6) Monetary funds not qualifying as cash and cash equivalents

Not applicable

(7) Explanation of other significant activities

Not applicable

80. Notes to Items in Statement of Changes in Owners' Equity

Not applicable

81. Foreign Currency Monetary Items

(1) Foreign currency monetary items

Unit: RMB

Item	Ending foreign currency balance	Translation exchange rate	Ending balance translated into RMB
Cash and cash equivalents			11,734,756.15

Including: USD	322,360.82	6.8109	2,195,567.30
EUR	41,867.18	7.7671	325,186.59
HKD	5,571,302.28	0.8686	4,838,954.60
CHF	519,429.13	8.4228	4,375,047.68
Accounts receivable			7,223,507.79
Including: USD	759,231.08	6.8109	5,171,046.99
EUR			
HKD	2,134,337.88	0.8686	1,853,779.17
CHF	23,588.55	8.4228	198,681.64
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other receivables			185,283.70
Including: HKD	2,005.60	0.8686	1,741.96
CHF	21,791.06	8.4228	183,541.74
Accounts payable			378,240.29
Including: USD	0.76	6.8109	5.18
HKD	435,478.80	0.8686	378,235.11
Other payables			544,464.24
Including: USD	10,611.45	6.8109	72,273.52
HKD	411,254.27	0.8686	357,194.90
CHF	13,652.92	8.4228	114,995.81

(2) Nature and financial impact of non-convertibility of currencies, spot rates adopted and estimation processes, and enterprise exposure to non-convertibility risks

Not applicable

(3) Explanation of overseas operating entities, including disclosures of principal place of business, functional currency, basis of determination, and reasons for any changes in functional currency

For the principal places of business and functional currencies of significant overseas entities, please refer to Note V.4.

(4) Non-convertibility between the functional currency of overseas operations and the Company's presentation currency

Not applicable

82. Leases

(1) The Company as lessee

Variable lease payments not included in the measurement of lease liabilities

Item	Amount for H1 2026
Short-term lease expenses with simplified treatment recognized in current profit or loss	4,871,519.12

Lease expenses for low-value assets (excluding short-term leases) with simplified treatment recognized in current profit or loss	
Interest expense on lease liabilities	1,119,341.05
Variable lease payments not included in the measurement of lease liabilities recognized in current profit or loss	57,289,788.10
Income from subleasing right-of-use assets	
Total cash outflow related to leases	108,296,677.32
Gains and losses arising from sale and leaseback transactions	

In the first half of 2026, variable lease payments not included in the measurement of lease liabilities recognized in current profit or loss amounted to RMB 57,289,788.10.

Lease expenses for short-term leases or low-value assets with simplified treatment

In the first half of 2026, short-term lease expenses with simplified treatment recognized in current profit or loss amounted to RMB 4,871,519.12.

Circumstances involving sale and leaseback transactions

Not applicable

(2) The Company as lessor

Operating leases as lessor

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Lease income	52,916,447.44	0.00
Total	52,916,447.44	0.00

Finance leases as lessor

Not applicable

Undiscounted lease receipts for each of the next five years

Not applicable

Reconciliation of undiscounted lease receipts to net investment in the lease

Not applicable

(3) Selling profit or loss recognized as manufacturer or dealer in finance leases

Not applicable

83. Data Resources

Not applicable

84. Other

Not applicable

VIII. R&D Expenditures

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Employee benefits	33,415,540.82	25,193,556.07
Sample and material costs	1,317,816.72	427,397.19
Depreciation and amortization	2,463,373.05	2,484,373.63
Technical cooperation expenses	425,254.93	1,292,546.07
Other	3,095,411.12	3,689,998.37
Total	40,717,396.64	33,087,871.33
Including: Expensed R&D expenditures	40,717,396.64	33,087,871.33
Capitalized R&D expenditures	0.00	0.00

1. R&D Projects Qualifying for Capitalization

Not applicable

2. Significant Acquired Projects in Progress

Not applicable

IX. Changes in Scope of Consolidation

1. Business Combinations Not Under Common Control

(1) Business combinations not under common control in current period

Not applicable

(2) Combination costs and goodwill

Not applicable

(3) Identifiable assets and liabilities of acquirees on acquisition date

Not applicable

(4) Gains or losses arising from remeasurement of previously held equity at fair value on acquisition date

Whether control was obtained through step acquisitions via multiple transactions in the reporting period
No

(5) Explanations where combination consideration or acquiree's identifiable assets/liabilities fair values cannot be determined reasonably on acquisition date or period-end

Not applicable

(6) Other notes

Not applicable

2. Business Combinations Under Common Control

(1) Business combinations under common control in current period

Not applicable

(2) Combination costs

Not applicable

(3) Carrying amounts of combinees' assets and liabilities on merger date

Not applicable

3. Reverse Acquisitions

Not applicable

4. Disposal of Subsidiaries

Whether transactions or events occurred in current period resulting in loss of control over subsidiaries

No

Whether step disposals of investments in subsidiaries occurred resulting in loss of control in current period

No

5. Changes in Consolidation Scope for Other Reasons

Not applicable

6. Other

Not applicable

X. Interests in Other Entities

1. Interests in Subsidiaries

(1) Composition of the corporate group

Unit: RMB

Subsidiary Name	Registered capital	Princip al	Place of	Nature of	Shareholding percentage	Acquisition Method

		Place of Business	Registration	Business	Direct	Indirect	
Shenzhen Harmony World Watch Center Co., Ltd.	600,000,000.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
FIYTA Sales Co., Ltd.	450,000,000.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Shenzhen FIYTA Precision Technology Co., Ltd.	180,000,000.00	Shenzhen	Shenzhen	Manufacturing	99.44%	0.56%	Establishment or investment
Shenzhen FIYTA Technology Development Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment or investment
Harmony World Watch Center (Hainan) Co., Ltd.	10,000,000.00	Sanya	Sanya	Commerce	100.00%		Establishment or investment
Shenzhen Xunhang Precision Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment or investment
Emile Chouriet Horlogerie (Shenzhen) Co., Ltd.	41,355,200.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Liaoning Hengdarui Commercial & Trade Co., Ltd.	51,000,000.00	Shenyang	Shenyang	Commerce	100.00%		Business combination under common control
Shiyuehui Boutique (Shenzhen) Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Shenzhen Harmony E-Commerce Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
FIYTA (Hong Kong) Limited	137,737,520.00	Hong Kong	Hong Kong	Commerce	100.00%		Establishment or investment
Montres Chouriet SA	97,958,426.10	Switzerland	Switzerland	Manufacturing		100.00%	Business combination not under common control

Explanation of difference between shareholding percentage and voting rights percentage in subsidiaries:

Not applicable

Basis for controlling investees with half or less voting rights, or not controlling investees with over half voting rights:

Not applicable

Basis for control over significant structured entities included in consolidation scope:

Not applicable

Basis for determining whether the Company is a principal or an agent:

Not applicable

Other notes:

Not applicable

(2) Significant non-wholly-owned subsidiaries

Not applicable

(3) Key financial information of significant non-wholly-owned subsidiaries

Not applicable

(4) Material restrictions on using corporate group assets and settling group debts

Not applicable

(5) Financial or other support provided to structured entities included in consolidated statements

Not applicable

2. Transactions Resulting in Changes in Owners' Equity Shares in Subsidiaries Without Loss of Control

(1) Description of changes in owners' equity shares in subsidiaries

Not applicable

(2) Impact of transactions on non-controlling interests and equity attributable to owners of the parent company

Not applicable

3. Interests in Joint Ventures or Associates

(1) Significant joint ventures or associates

Not applicable

(2) Key financial information of significant joint ventures

Not applicable

(3) Key financial information of significant associates

Not applicable

(4) Aggregate financial information of insignificant joint ventures and associates

Unit: RMB

	Ending balance / Amount in current period	Beginning balance / Amount in prior period
Joint ventures:		
Aggregate amounts calculated in proportion to shareholding		
Associates:		
Total carrying amount of investments	46,672,153.60	46,436,556.86
Aggregate amounts calculated in proportion to shareholding		
-- Net profit	942,386.98	1,978,180.55
-- Total comprehensive income	942,386.98	1,978,180.55

(5) Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

Not applicable

(6) Excess losses incurred by joint ventures or associates

Not applicable

(7) Unrecognized commitments related to investments in joint ventures

Not applicable

(8) Contingent liabilities related to investments in joint ventures or associates

Not applicable

4. Significant Joint Operations

Not applicable

5. Interests in Structured Entities Not Included in Consolidated Financial Statements

Not applicable

6. Other

Not applicable

XI. Government Grants

1. Government Grants Recognized as Receivables at Period-End

Not applicable

2. Liabilities Items Involving Government Grants

Not applicable

3. Government Grants Recognized in Current Profit or Loss

Unit: RMB

Accounting Line Item	Amount incurred in current period	Amount in prior period
Other income	1,916,497.10	1,509,835.03

XII. Risks Related to Financial Instruments

1. Various Risks Arising from Financial Instruments

Risks related to financial instruments arise from various financial assets and liabilities recognized by the Company in the course of operations, including credit risk, liquidity risk, and market risk.

The Company's management is responsible for formulating risk management objectives and policies related to financial instruments. The operational management is responsible for routine risk management through functional departments (for example, the Company's Credit Management Department reviews credit sales on a transaction-by-transaction basis). The Company's Internal Audit Department conducts regular monitoring of the implementation of risk management policies and procedures and reports findings promptly to the Audit Committee.

The overall objective of the Company's risk management is to formulate risk management policies that minimize risks related to financial instruments without unduly compromising the Company's competitiveness and resilience.

1. Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk arises mainly from monetary funds, notes receivable, accounts receivable, receivables financing, etc. The credit risk of these financial assets stems from counterparty defaults, with the maximum exposure equal to the carrying amounts of these instruments.

The Company's monetary funds are mainly deposited in commercial banks and other financial institutions that the Company considers to possess high credit standing and strong asset positions, thus presenting low credit risk.

For notes receivable, accounts receivable, and receivables financing, the Company implements policies to control credit risk exposure. The Company assesses customers' credit qualifications and establishes credit periods based on their financial standing, the availability of third-party guarantees, credit histories, and other factors such as prevailing market conditions. The Company regularly monitors customer credit records. For customers with poor credit records, it uses written payment reminders, shortens credit periods, or cancels credit terms to ensure overall credit risk remains controllable.

(1) Criteria for determining significant increase in credit risk

The Company assesses at each balance sheet date whether credit risk on financial instruments has increased significantly since initial recognition. In determining significant increases in credit risk, the Company considers reasonable and supportable information available without undue cost or effort, including qualitative and quantitative analyses based on historical data, external credit ratings, and forward-looking information. On an individual instrument basis or a collective portfolio basis of instruments with similar credit characteristics, the Company evaluates changes in default risk over the expected life by comparing default risk at the balance sheet date with that at initial recognition.

The Company considers that credit risk has increased significantly when one or more of the following quantitative or qualitative criteria are triggered: Quantitative criteria mainly comprise an increase in the remaining lifetime default probability at the reporting date exceeding a specific threshold compared to initial recognition; qualitative criteria include significant adverse changes in the operational or financial condition of major debtors, inclusion in early-warning customer lists, etc.

(2) Definition of credit-impaired financial assets

To determine whether credit impairment has occurred, the definition criteria adopted by the Company align with internal credit risk management objectives for relevant financial instruments, incorporating both quantitative and qualitative indicators.

In evaluating whether a debtor is credit-impaired, the Company mainly considers the following: significant financial difficulty of the issuer or debtor; A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting a concession that would not otherwise be considered; It becoming probable that the debtor will enter bankruptcy or other financial reorganization; The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor; The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

Credit impairment of a financial asset may be caused by the combined effect of multiple events, rather than a single identifiable event.

(3) Parameters for measuring expected credit losses

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Company measures loss allowances for different assets at 12-month or lifetime ECL. Key parameters for ECL measurement include Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Taking into account quantitative analysis of historical statistical data (such as counterparty ratings, guarantee methods, collateral types, repayment methods) and forward-looking information, the Company establishes PD, LGD, and EAD models.

Related definitions are as follows:

Probability of Default refers to the likelihood that a debtor will be unable to meet its repayment obligations over the next 12 months or over the remaining lifetime.

Loss Given Default refers to the Company's expectation of the extent of loss on default exposure. LGD varies depending on counterparty types, recourse methods, priority, and collateral. LGD is the percentage of exposure lost upon default, calculated on a 12-month or lifetime basis;

Exposure at Default refers to the amount the Company is entitled to be repaid upon default over the next 12 months or remaining lifetime. The assessment of significant increases in credit risk and the calculation of ECL both involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators affecting credit risk and ECL across various business segments.

The Company's maximum credit risk exposure equals the carrying amount of each financial asset in the balance sheet. The Company has provided no other guarantees that would expose it to credit risk.

In the Company's accounts receivable, receivables from the top five customers accounted for 26.50% of the total accounts receivable (comparison period: 21.77%).

2. Liquidity risk

Liquidity risk refers to the risk that an enterprise will encounter shortage of funds in meeting obligations settled by delivering cash or other financial assets. The Company oversees cash management across subsidiaries, including short-term investment of surplus cash and loan arrangements to meet anticipated cash requirements. The Company's policy is to regularly monitor short- and long-term liquidity requirements and compliance with loan agreements to ensure adequate cash reserves and marketable securities readily convertible to cash.

As of June 30, 2026, the maturity profile of the Company's financial liabilities was as follows: (Unit: RMB 10,000)

Item	June 30, 2026			
	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term borrowings	-			
Accounts payable	6,884.61			
Other payables	7,819.55			
Non-current liabilities due within one year	4,815.53			
Lease liabilities		1,451.25	22.40	
Total	19,519.69	1,451.25	22.40	-

3. Market risk

(1) Foreign exchange risk

Except for the Hong Kong subsidiary holding assets denominated in HKD and the Swiss sub-subsidiary holding assets denominated in CHF, the Company's other primary business activities are settled mainly in RMB. However, foreign exchange risks remain for recognized foreign currency assets and liabilities and future foreign currency transactions (chiefly denominated in HKD and CHF).

1) As of June 30, 2026, the Company's foreign currency financial assets and liabilities are set out in Note VII.81 Foreign Currency Monetary Items.

2) Sensitivity analysis

As of June 30, 2026, assuming all other risk variables remain constant, if RMB appreciates or depreciates by 5% against foreign currencies on that date, the Company's net profit for the year will increase or decrease by RMB 911,000 (comparison period: RMB 741,700).

(2) Interest rate risk

The Company's interest rate risk arises primarily from long-term interest-bearing debts such as long-term bank borrowings and bonds payable. Floating-rate financial liabilities expose the Company to cash flow interest rate risk, while fixed-rate financial liabilities expose it to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on prevailing market conditions.

The Finance Department at Company headquarters continuously monitors group interest rate levels. Increases in interest rates raise the cost of new interest-bearing debts and interest expenses on outstanding floating-rate debts, posing potential material adverse impacts on financial performance; management makes timely adjustments according to prevailing market conditions.

As of June 30, 2026, the Company had no long-term interest-bearing debt.

2. Hedging

(1) Hedging activities conducted for risk management

Not applicable

(2) Qualified hedging activities applying hedge accounting

Not applicable

(3) Hedging activities conducted for risk management expected to achieve objectives without applying hedge accounting

Not applicable

3. Financial Assets

(1) Classification by transfer method

Not applicable

(2) Transferred financial assets derecognized

Not applicable

(3) Transferred financial assets with continuing involvement

Not applicable

XIII. Fair Value Disclosures

1. Ending Fair Value of Assets and Liabilities Measured at Fair Value

Not applicable

2. Basis for Determining Market Prices for Recurring and Non-recurring Level 1 Fair Value Measurements

Not applicable

3. Valuation Techniques and Qualitative/Quantitative Information of Key Parameters for Recurring and Non-recurring Level 2 Fair Value Measurements

Not applicable

4. Valuation Techniques and Qualitative/Quantitative Information of Key Parameters for Recurring and Non-recurring Level 3 Fair Value Measurements

Not applicable

5. Reconciliation Between Beginning and Ending Carrying Amounts and Sensitivity Analysis of Unobservable Parameters for Recurring Level 3 Fair Value Measurements

Not applicable

6. Reasons for Transfers Between Levels and Policies for Determining Transfer Timing for Recurring Fair Value Measurements During Current Period

Not applicable

7. Changes in Valuation Techniques and Reasons in Current Period

Not applicable

8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

Not applicable

9. Other

Not applicable

XIV. Related Parties and Related-Party Transactions

1. Parent Company of the Enterprise

Parent Company Name	Place of Registration	Nature of Business	Registered capital	Parent company's shareholding percentage in the enterprise	Parent company's voting rights percentage in the enterprise
Shentian Technology Holding (Shenzhen) Co., Ltd.	Shenzhen	Business services	RMB 1,166.1620 million	40.17%	40.17%

Description of the parent company of the enterprise

Shentian Technology Holding (Shenzhen) Co., Ltd. is a wholly-owned subsidiary indirectly held 100.00% by Aviation Industry Corporation of China, Ltd.

The ultimate controlling party of the enterprise is Aviation Industry Corporation of China, Ltd.

2. Subsidiaries of the Enterprise

For details of the enterprise's subsidiaries, please refer to Note X. Interests in Other Entities.

3. Joint Ventures and Associates of the Enterprise

For details of significant joint ventures or associates, please refer to Note X. Interests in Other Entities.

4. Other Related Parties

Name of Other Related Party	Relationship Between Other Related Party and the Enterprise
Aviation Industry Corporation of China, Ltd. and its subsidiaries (hereinafter "AVIC and its subsidiaries")	Under control of the same party
Associates of Aviation Industry Corporation of China, Ltd. and their subsidiaries (hereinafter "AVIC associates and subsidiaries")	Associates of the ultimate controlling party
Shanghai Watch Co., Ltd. (hereinafter "Shanghai Watch")	Associate of the Company
Directors and Senior Executives of the Company (hereinafter "Key Management Personnel")	Key management personnel

5. Related-Party Transactions

(1) Related-party transactions in purchasing/selling goods and rendering/receiving services

Purchase of goods / Receipt of services table

Unit: RMB

Related Party	Content of related-party transaction	Amount incurred in current period	Approved transaction limit	Whether exceeding approved limit	Amount in prior period
AVIC and its subsidiaries	Purchase of goods and payment of related expenses	6,033,942.79	45,000,000.00	No	6,239,244.80
AVIC associates and subsidiaries	Purchase of goods and payment of related expenses	5,170,281.43	22,000,000.00	No	5,394,613.24
Shanghai Watch	Purchase of goods	0.00	5,000,000.00	No	0.00
Total		11,204,224.22	72,000,000.00		11,633,858.04

Sale of goods / Rendering of services table

Unit: RMB

Related Party	Content of related-party transaction	Amount incurred in current period	Amount in prior period
AVIC and its subsidiaries	Sale of goods and rendering of services	14,566,458.05	19,627,421.48
AVIC associates and subsidiaries	Sale of goods and collection of property management fees	1,561,409.10	1,410,539.78
Shanghai Watch	Sale of goods and rendering of services	0.00	2,018,837.18
Total		16,127,867.15	23,056,798.44

(2) Related-party entrusted management/contracting and entrustment/subcontracting

Not applicable

(3) Related-party leasing

The Company as lessor:

Unit: RMB

Lessee Name	Type of Leased Asset	Lease income recognized in current period	Lease income recognized in prior period
AVIC associates and subsidiaries	Building	34,285.74	25,024.53
AVIC and its subsidiaries	Building	0.00	281,999.98
Total		34,285.74	307,024.51

The Company as lessee:

Unit: RMB

Lessor Name	Type of Leased	Rental expenses for short-term and low-value asset leases under simplified	Variable lease payments not included in measurement of lease liabilities (if	Rent paid	Interest expense incurred on lease liabilities	Increase in right-of-use assets

	Asset	treatment (if applicable)		applicable)							
		Amount incurred in current period	Amount in prior period	Amount incurred in current period	Amount in prior period	Amount incurred in current period	Amount in prior period	Amount incurred in current period	Amount in prior period	Amount incurred in current period	Amount in prior period
AVIC associates and subsidiaries	Building			8,509.09	18,422.90	139,336.55	182,806.26	2,531.38	2,662.55	0.00	0.00
Total				8,509.09	18,422.90	139,336.55	182,806.26	2,531.38	2,662.55	0.00	0.00

(4) Related-party guarantees

Not applicable

(5) Capital lending with related parties

Not applicable

(6) Asset transfer and debt restructuring with related parties

Not applicable

(7) Key management personnel compensation

Not applicable

(8) Other related-party transactions

The ending deposit balance placed by the Company with AVIC Finance at the end of the period was RMB 625,703,835.03, with deposit interest received during the year amounting to RMB 1,498,088.02.

6. Amounts Due to/from Related Parties

(1) Receivables items

Unit: RMB

Item Name	Related Party	Ending balance		Beginning balance	
		Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision
Bank deposits	AVIC Finance	625,703,835.03		552,559,173.96	
Notes receivable	AVIC and its subsidiaries			200,546.78	

Accounts receivable	AVIC and its subsidiaries	5,015,909.19	250,795.46	5,142,670.67	530,714.66
	AVIC associates and subsidiaries	3,000.00	150.00		
Other receivables	AVIC and its subsidiaries	787,957.00	39,397.85	867,917.00	43,395.85
	AVIC associates and subsidiaries	77,990.00	3,899.50	77,990.00	3,899.50

(2) Payables items

Unit: RMB

Item Name	Related Party	Ending gross carrying amount	Beginning gross carrying amount
Other payables	AVIC associates and subsidiaries	892,941.08	892,941.08
Accounts payable	AVIC and its subsidiaries	188,201.87	37,471.91
Advances from customers	AVIC associates and subsidiaries	3,396.29	0.00
	AVIC and its subsidiaries	11,250.00	11,250.00

7. Related-Party Commitments

Not applicable

8. Other

Not applicable

XV. Share-Based Payments

1. General Overview of Share-Based Payments

Not applicable

2. Equity-Settled Share-Based Payments

Not applicable

3. Cash-Settled Share-Based Payments

Not applicable

4. Share-Based Payment Expenses in Current Period

Not applicable

5、Modifications and Terminations of Share-Based Payments

Not applicable

6、Other

Not applicable

XVI. Commitments and Contingencies

1. Significant Commitments

Significant commitments existing at the balance sheet date

Significant external commitments and impacts existing at the balance sheet date represent lease contracts signed that are being executed or ready to be executed and their financial impacts; please refer to Note VII.47 Lease Liabilities and Note VII.82 Leases.

Except for the aforementioned commitments, as of June 30, 2026, the Company had no other significant commitments required to be disclosed.

2. Contingencies

(1) Significant contingencies existing at balance sheet date

Not applicable

(2) Statement where the Company has no significant contingencies to disclose

The Company has no significant contingencies required to be disclosed.

3. Other

Not applicable

XVII. Events After Balance Sheet Date

1. Significant Non-Adjusting Events

Not applicable

2. Profit Distribution

Not applicable

3. Sales Returns

Not applicable

4. Other Events After Balance Sheet Date

Not applicable

XVIII. Other Significant Events

1. Correction of Prior-Period Accounting Errors

(1) Retrospective restatement method

Not applicable

(2) Prospective application method

Not applicable

2. Debt Restructuring

Not applicable

3. Asset Swaps

(1) Non-monetary asset exchanges

Not applicable

(2) Other asset swaps

Not applicable

4. Annuity Plan

Not applicable

5. Discontinued Operations

Not applicable

6. Segment Information

(1) Basis for determining reportable segments and accounting policies

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting systems. An operating segment of the Company refers to a component that simultaneously meets the following criteria:

(1) It can generate revenues and incur expenses in daily activities;

(2) Management can regularly review its operating results to allocate resources and assess performance;

(3) Accounting information regarding its financial position, operating results, cash flows, etc., is available.

The Company determines reportable segments based on operating segments; an operating segment meeting one of the following criteria is determined as a reportable segment:

(1) Segment revenue accounts for 10% or more of total revenue of all segments;

(2) The absolute amount of its segment profit (loss) accounts for 10% or more of the greater of the absolute total profit of all profitable segments and the absolute total loss of all loss-making segments.

The Company operates in a single line of business, primarily the manufacture and sale of watches. Management treats this business as a whole to manage and evaluate operating results; therefore, no segment information is presented in these financial statements.

(2) Financial information of reportable segments

Not applicable

(3) Explanation where the Company has no reportable segments or cannot disclose total assets and liabilities of each reportable segment

Not applicable

(4) Other notes

Not applicable

7. Other Significant Transactions and Events Affecting Investor Decisions

Not applicable

8. Other

Not applicable

XIX. Notes to Major Items in Financial Statements of the Parent Company

1. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Ending gross carrying amount	Beginning gross carrying amount
Within 1 year (inclusive)	20,197,101.17	10,466,091.51
1 to 2 years	1,450,358.55	1,637,255.79
2 to 3 years	251,144.16	
Over 3 years	319.04	319.04
3 to 4 years		319.04
4 to 5 years	319.04	
Total	21,898,922.92	12,103,666.34

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with bad debt provision accrued on an individual basis	2,279,538.09	10.41%	1,992,997.55	87.43%	286,540.54	2,303,565.35	19.03%	1,970,570.09	85.54%	332,995.26
Including:										
Accounts receivable with bad debt provision accrued on a portfolio basis	19,619,384.83	89.59%	73,873.30	0.38%	19,545,511.53	9,800,100.99	80.97%	149,885.53	1.53%	9,650,215.46
Including:										
Receivables from customers portfolio	1,477,466.73	6.75%	73,873.30	5.00%	1,403,593.43	4,632,024.39	38.27%	149,885.53	3.24%	4,482,138.86
Related-party portfolio within consolidation scope	18,141,918.10	82.84%			18,141,918.10	5,168,076.60	42.70%			5,168,076.60
Total	21,898,922.92	100.00%	2,066,870.85	9.44%	19,832,052.07	12,103,666.34	100.00%	2,120,455.62	17.52%	9,983,210.72

Category of individual bad debt provision: Receivables from customers

Unit: RMB

Name	Beginning balance		Ending balance			
	Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision	Provision ratio	Reason for provision
Receivables from customers	2,303,565.35	1,970,570.09	2,279,538.09	1,992,997.55	87.43%	Expected uncollectible
Total	2,303,565.35	1,970,570.09	2,279,538.09	1,992,997.55		

Category of portfolio bad debt provision: Receivables from customers

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Receivables from customers portfolio	1,477,466.73	73,873.30	5.00%
Total	1,477,466.73	73,873.30	

Basis for determining the portfolio: Receivables of the same type share similar credit risk characteristics.

Category of portfolio bad debt provision: Related parties within consolidation scope portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Related-party portfolio within consolidation scope	18,141,918.10	0.00	0.00%
Total	18,141,918.10	0.00	

Basis for determining the portfolio:

Receivables of the same type share similar credit risk characteristics.

If the general expected credit loss model is adopted for accounts receivable bad debt provision:

Not applicable

(3) Bad debt provision accrued, recovered, or reversed in current period

Accrual of bad debt provisions in current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrued	Recovered or reversed	Written off	Other	
Accounts receivable with ECL accrued on an individual basis	1,970,570.09	39,948.76	17,521.30			1,992,997.55
Accounts receivable with ECL accrued on a	149,885.53	-76,012.23				73,873.30

portfolio basis						
Total	2,120,455.62	-36,063.47	17,521.30			2,066,870.85

(4) Accounts receivable actually written off in current period

Not applicable

(5) Top five accounts receivable and contract assets grouped by debtor at period-end

Unit: RMB

Entity Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad debt provision and contract asset impairment provision
Summary of top five accounts receivable ending balances	20,120,876.20		20,120,876.20	91.88%	1,509,224.62
Total	20,120,876.20		20,120,876.20	91.88%	1,509,224.62

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	361,944,183.93	545,751,274.33
Total	361,944,183.93	545,751,274.33

(1) Interest receivable

1) Classification of interest receivable

Not applicable

2) Significant overdue interest

Not applicable

3) Disclosure by bad debt provision method

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Not applicable

5) Interest receivable actually written off in current period

Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Not applicable

2) Significant dividends receivable aged over 1 year

Not applicable

3) Disclosure by bad debt provision method

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Not applicable

5) Dividends receivable actually written off in current period

Not applicable

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of payment	Ending gross carrying amount	Beginning gross carrying amount
Amounts due from related parties within consolidation scope	361,147,308.88	545,517,289.16
Deposits and security deposits	46,992.02	61,809.82
Employee petty cash	88,346.00	0.00
Other	703,586.96	212,878.18
Total	361,986,233.86	545,791,977.16

2) Disclosure by aging

Unit: RMB

Aging	Ending gross carrying amount	Beginning gross carrying amount
Within 1 year (inclusive)	361,933,127.23	545,738,870.53
1 to 2 years		
2 to 3 years		13,056.63
Over 3 years	53,106.63	40,050.00
3 to 4 years	13,056.63	

4 to 5 years		
Over 5 years	40,050.00	40,050.00
Total	361,986,233.86	545,791,977.16

3) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with bad debt provision accrued on an individual basis										
Including:										
Accrued on a portfolio basis	361,986,233.86	100.00%	42,049.93	0.01%	361,944,183.93	545,791,977.16	100.00%	40,702.83	0.01%	545,751,274.33
Including:										
Portfolio of receivables from related parties within consolidation scope	361,147,308.88	99.77%	0.00	0.00%	361,147,308.88	545,517,289.16	99.95%	0.00	0.00%	545,517,289.16
Deposits and security deposits portfolio	46,992.02	0.01%	40,397.10	85.97%	6,594.92	61,809.82	0.01%	40,673.05	65.80%	21,136.77
Other receivables portfolio	791,932.96	0.22%	1,652.83	0.21%	790,280.13	212,878.18	0.04%	29.78	0.01%	212,848.40

Total	361,986,233.86	100.00%	42,049.93	0.01%	361,944,183.93	545,791,977.16	100.00%	40,702.83	0.01%	545,751,274.33

Category of portfolio bad debt provision: Deposits and security deposits portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Deposits and security deposits portfolio	46,992.02	40,397.10	85.97%
Total	46,992.02	40,397.10	

Basis for determining the portfolio: Receivables of the same nature share similar credit risk characteristics.

Category of portfolio bad debt provision: Other receivables portfolio

Unit: RMB

Name	Ending balance		
	Gross carrying amount	Bad debt provision	Provision ratio
Other receivables portfolio	791,932.96	1,652.83	0.21%
Total	791,932.96	1,652.83	

Basis for determining the portfolio: Receivables of the same nature share similar credit risk characteristics.

Bad debt provision accrued under the general expected credit loss model:

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as of January 1, 2026	40,702.83			40,702.83
Balance as of January 1, 2026 in current period				
-- Transfer to Stage 2				
-- Transfer to Stage 3				
-- Reverse to Stage 2				
-- Reverse to Stage 1				
Accrual in current period	1,347.10			1,347.10
Reversal in current period				
Written off in current period				
Charged off in current period				
Other changes				
Balance as of June 30, 2026	42,049.93			42,049.93

Basis for stage division and bad debt provision accrual ratios

Stage 1 represents bad debt provisions for other receivables aged within 1 year; Stage 2 represents bad debt provisions for accounts receivable aged over 1 year without individual assessment; Stage 3 represents bad debt provisions accrued on an individual assessment basis.

Significant changes in gross carrying amounts affecting changes in loss allowances

Not applicable

4) Bad debt provision accrued, recovered, or reversed in current period

Accrual of bad debt provisions in current period:

Unit: RMB

Category	Beginning balance	Amount changed in current period				Ending balance
		Accrued	Recovered or reversed	Write-off	Other	
Accrued on a portfolio basis	40,702.83	1,347.10				42,049.93
Total	40,702.83	1,347.10				42,049.93

5) Other receivables actually written off in current period

Not applicable

6) Top five other receivables grouped by debtor at period-end

Unit: RMB

Entity Name	Nature of payment	Ending balance	Aging	Proportion of total ending balance of other receivables	Ending balance of bad debt provision
First	Portfolio of receivables from related parties within consolidation scope	267,673,632.07	Within 1 year	73.95%	0.00
Second	Portfolio of receivables from related parties within consolidation scope	60,366,112.14	Within 1 year	16.68%	0.00
Third	Portfolio of receivables from related parties within consolidation scope	27,107,564.67	Within 1 year	7.49%	0.00
Fourth	Portfolio of receivables from related parties within consolidation scope	6,000,000.00	Within 1 year	1.66%	0.00
Fifth	Deposits receivable	40,000.00	Over 3 years	0.01%	40,000.00
Total		361,187,308.88		99.79%	40,000.00

7) Presented in other receivables due to centralized cash management

Not applicable

3. Long-Term Equity Investments

Unit: RMB

Item	Ending balance			Beginning balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Investments in	1,592,543,885		1,592,543,885.	1,592,543,885		1,592,543,885

subsidiaries	.91		91	.91		.91
Investments in associates and joint ventures	46,672,153.60		46,672,153.60	46,436,556.86		46,436,556.86
Total	1,639,216,039.51		1,639,216,039.51	1,638,980,442.77		1,638,980,442.77

(1) Investments in subsidiaries

Unit: RMB

Investee	Beginning balance (carrying amount)	Beginning balance of impairment provision	Changes in current period				Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Investment reduction	Impairment provision accrued	Other		
Shenzhen Harmony World Watch Center Co., Ltd.	609,891,973.62						609,891,973.62	
Shenzhen Harmony E-Commerce Co., Ltd.	11,684,484.39						11,684,484.39	
Shenzhen FIYTA Precision Technology Co., Ltd.	182,290,834.31						182,290,834.31	
Shenzhen FIYTA Technology Development Co., Ltd.	51,160,141.67						51,160,141.67	
FIYTA (Hong Kong) Limited	137,737,520.00						137,737,520.00	
Shiyuehui Boutique (Shenzhen) Co., Ltd.	5,000,000.00						5,000,000.00	
FIYTA Sales Co., Ltd.	457,297,183.13						457,297,183.13	
Liaoning Hengdarui Commercial & Trade Co., Ltd.	36,867,843.96						36,867,843.96	

Emile Chouriet Horlogerie (Shenzhen) Co., Ltd.	80,613,904.83						80,613,904.83	
Harmony World Watch Center (Hainan) Co., Ltd.	10,000,000.00						10,000,000.00	
Shenzhen Xunhang Precision Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Total	1,592,543,885.91						1,592,543,885.91	

(2) Investments in associates and joint ventures

Unit: RMB

Investee	Beginning balance (carrying amount)	Beginning balance of impairment provision	Changes in current period								Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Investment reduction	Investment income/loss recognized under equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends or profits declared	Impairment provision accrued	Other		
I. Joint ventures												
II. Associates												
Shanghai Watch Co., Ltd.	46,436,556.86				235,596.74						46,672,153.60	
Subtotal	46,436,556.86				235,596.74						46,672,153.60	
Total	46,436,556.86				235,596.74						46,672,153.60	

(3) Other notes

Not applicable

4. Operating Revenue and Operating Costs

Unit: RMB

Item	Amount incurred in current period		Amount in prior period	
	Revenue	Costs	Revenue	Costs
Principal businesses	78,346,349.63	41,246,617.92	79,218,866.11	25,511,651.20
Other businesses	2,193,360.67		2,255,957.31	
Total	80,539,710.30	41,246,617.92	81,474,823.42	25,511,651.20

5. Investment Income

Unit: RMB

Item	Amount incurred in current period	Amount in prior period
Investment income from long-term equity investments under cost method	153,354,622.33	0.00
Investment income from long-term equity investments under equity method	235,596.74	494,545.14
Total	153,590,219.07	494,545.14

6. Other

Not applicable

XX. Supplementary Information

1. Statement of Current Non-recurring Profit or Loss

Unit: RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets	474,063.48	
Government grants recognized in current profit or loss (excluding those closely related to the Company's normal operating business, complying with national policies and regulations, enjoyed in accordance with established standards, and having a continuing impact on the Company's profit or loss)	1,916,497.10	
Fair value change gains and losses arising from holding financial assets and financial liabilities by non-financial enterprises and gains and losses from disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	394,557.22	
Reversal of impairment provision for receivables tested for impairment individually	1,390,273.53	
Other non-operating income and expenses other than the above items	252,866.81	
Less: Income tax effect	763,108.21	
Total	3,665,149.93	--

Specific circumstances of other profit or loss items that meet the definition of non-recurring profit or loss:

Not applicable

Explanation of defining non-recurring profit or loss items listed in "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public — Non-recurring Profit or Loss" as recurring profit or loss items

Not applicable

2. Return on Equity and Earnings Per Share

Profit in Reporting Period	Weighted average return on equity (ROE)	Earnings Per Share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	2.98%	0.2477	0.2477
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.87%	0.2387	0.2387

3. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

(1) Differences in net profit and net assets in financial reports disclosed simultaneously under IFRS and CAS

Not applicable

(2) Differences in net profit and net assets in financial reports disclosed simultaneously under foreign accounting standards and CAS

Not applicable

（3） Explanation of reasons for accounting data differences under domestic and foreign accounting standards, including the name of overseas auditing firm if overseas audited data are reconciled

Not applicable

4. Other

Not applicable

FIYTA Precision Technology Co., Ltd.

Board of Directors

August 21, 2026