FIYTA Precision Technology Co., Ltd.

2024 Semi-annual

Financial Report

I. Audit Report

Whether the semi-annual report has been audited

No

2. Financial statements

The unit of the financial statements in the notes is RMB

1. Consolidated balance sheet

Prepared by: FIYTA Precision Technology Co., Ltd.

June 30, 2024

Unit: RMB

Item	Ending Balance	Opening balance
Current assets:		
Cash and bank balances	404,356,009.13	504,629,153.71
Deposit reservation for balance		
Lending funds		
Trading financial assets		
Derivative financial assets		
Notes receivable	16,338,392.31	18,268,972.37
Accounts receivable	355,483,465.81	323,142,761.64
Receivables financing		
Prepayment	6,569,774.50	6,571,239.98
Premiums receivable		
Cession premiums receivable		
Provision of cession receivable		
Other receivables	59,436,540.53	57,725,792.00
Including: Interest receivable		
Dividend receivable		
Redemptory monetary capital for sale		
Inventories	2,128,331,242.49	2,100,666,175.28
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	89,039,020.97	72,249,391.81
Total current assets	3,059,554,445.74	3,083,253,486.79
Non-current assets:		
Loans and advances offered		
Debt investment		

Other debt investment		
Long-term receivables		
Long-term equity investments	51,952,479.36	51,862,607.30
Other equity instrument investments		
Other non-current financial assets		
Investment properties	352,408,837.92	360,255,832.14
Fixed assets	345,651,268.72	355,785,354.68
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	109,386,646.99	109,452,481.64
Intangible assets	30,848,580.73	31,664,380.77
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term prepaid expenses	120,110,202.46	122,324,355.13
Deferred income tax assets	75,893,868.97	80,227,771.46
Other non-current assets	2,185,332.57	9,434,627.17
Total non-current assets	1,088,437,217.72	1,121,007,410.29
Total assets	4,147,991,663.46	4,204,260,897.08
Current liabilities:		
Short-term loans	320,207,333.32	250,187,763.87
Borrowing from the central bank		
Borrowed funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	131,372,308.62	173,825,907.71
Advances from customer	8,242,987.93	10,267,758.31
Contract liabilities	18,804,742.85	12,286,243.62
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Funds received as stock underwrite		
Employee benefits payable	73,285,559.36	120,084,810.60
Taxes payable	52,552,871.74	64,188,161.31
Other payables	110,793,067.03	121,937,801.07
Including: Interest payable		

Dividend payable	2,907,796.73	2,058,352.24
Service charges and commissions payable		
Cession premiums payable		
Liabilities held for sale		
Non-current liabilities due within one year	69,943,530.95	66,399,004.20
Other current liabilities	2,078,002.76	1,589,635.30
Total current liabilities	787,280,404.56	820,767,085.99
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities	38,967,635.39	43,526,352.52
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	952,785.69	952,785.69
Deferred tax liability	5,462,841.29	5,208,920.69
Other non-current liabilities		
Total non-current liabilities	45,383,262.37	49,688,058.90
Total liabilities	832,663,666.93	870,455,144.89
Owner's equity:		
Share capital	405,864,207.00	415,219,970.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	936,080,193.96	990,159,033.17
Less: treasury stock	13,445,814.81	78,645,532.23
Other comprehensive income	13,747,808.17	19,325,335.93
Special reserve	3,765,015.42	3,223,158.06
Surplus reserves	275,010,401.50	275,010,401.50
General risk provisions		
Undistributed profits	1,694,306,185.29	1,709,513,385.76
Total equity attributable to the owner of the parent company	3,315,327,996.53	3,333,805,752.19
Minority interests		
Total owner's equity	3,315,327,996.53	3,333,805,752.19
Total liabilities and owner's equity	4,147,991,663.46	4,204,260,897.08

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

2. Balance Sheet of parent company

Unit: RMB

Item	Ending Balance	Opening balance
Current assets:		
Cash and bank balances	309,352,375.23	308,230,255.35
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	11,175,784.69	1,822,916.61
Receivables financing		
Prepayment		
Other receivables	646,226,304.77	696,328,419.85
Including: Interest receivable		
Dividend receivable		
Inventories	44,792.57	
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	13,231,838.08	15,886,769.82
Total current assets	980,031,095.34	1,022,268,361.63
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	1,633,784,801.52	1,633,041,716.11
Other equity instrument investments		
Other non-current financial assets		
Investment properties	287,220,334.04	293,695,692.68
Fixed assets	202,865,789.95	207,209,890.94
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	22,875,581.52	23,460,211.70
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term prepaid expenses	3,934,381.48	4,795,846.73
Deferred income tax assets	834,088.92	640,783.05
Other non-current assets	1,106,563.00	710,807.49
Total non-current assets	2,152,621,540.43	2,163,554,948.70

Total assets	3,132,652,635.77	3,185,823,310.33
Current liabilities:		
Short-term loans	320,207,333.32	250,187,763.87
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	3,325,588.05	2,285,657.88
Advances from customer	8,242,987.93	10,267,758.31
Contract liabilities		
Employee benefits payable	17,686,842.19	25,886,702.67
Taxes payable	3,322,230.50	3,322,241.54
Other payables	257,308,884.44	224,668,548.77
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	610,093,866.43	516,618,673.04
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	952,785.69	952,785.69
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	952,785.69	952,785.69
Total liabilities	611,046,652.12	517,571,458.73
Owner's equity:		
Share capital	405,864,207.00	415,219,970.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	938,958,689.77	993,037,528.98
Less: treasury stock	13,445,814.81	78,645,532.23
Other comprehensive income		
Special reserve		
Surplus reserves	275,010,401.50	275,010,401.50
Undistributed profits	915,218,500.19	1,063,629,483.35
Total owner's equity	2,521,605,983.65	2,668,251,851.60

Total liabilities and owner's equity	3,132,652,635.77	3,185,823,310.33

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

3. Consolidated income statement

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Total operating income	2,076,397,911.32	2,364,505,262.56
Including: Operating revenue	2,076,397,911.32	2,364,505,262.56
Interest income		
Premiums earned		
Income from service charges and commissions		
II. Total operating cost	1,892,890,643.96	2,129,534,984.07
Including: Operating costs	1,304,482,455.55	1,512,527,481.83
Interest expense		
Expenditures of service charges and commissions		
Surrender value		
Net payments for insurance claims		
Withdrawal of net provision for insurance contracts		
Expenditure of policy dividend		
Reinsurance costs		
Taxes and surcharges	12,260,457.55	15,762,456.07
Selling and Distribution Expenses	449,785,002.40	456,273,629.20
General and Administrative Expenses	89,213,932.54	104,621,729.61
R&D Expenditures	27,525,998.33	28,161,470.54
Financial expenses	9,622,797.59	12,188,216.82
Including: interest expenses	5,169,603.47	6,690,859.35
Interest income	2,185,535.51	2,432,180.03
Plus: other income	3,103,884.50	6,691,609.41
Investment income ("-" for losses)	313,834.17	-1,697,481.65
Including: income from investment in associates and joint ventures	89,872.06	-1,697,481.65
Gains from derecognition of financial assets measured at amortized cost		
Foreign exchange gains ("-" for losses)		

Net exposure hedging income ("-" for losses)		
Gains from changes in fair value ("-" for losses)		
Credit impairment losses ("-" for losses)	2,724,678.43	4,333,947.62
Asset impairment losses ("-" for losses)	28,336.82	
Asset disposal income ("-" for losses)	2,906,210.67	-76,689.73
3. Operating profits ("-" for losses)	192,584,211.95	244,221,664.14
Plus: non-operating revenue	1,378,138.85	596,523.83
Less: non-operating expenses	278,833.35	291,601.18
4. Total profits ("-" for total losses)	193,683,517.45	244,526,586.79
Less: income tax expenses	46,545,035.11	57,131,519.56
5. Net profits ("-" for net losses)	147,138,482.34	187,395,067.23
(I) Classified by business continuity		
1. Net profit from continuing operations ("-" for net losses)	147,138,482.34	187,395,067.23
2. Net profit from discontinued operations ("-" for net losses)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net losses)	147,138,482.34	187,395,067.23
2. Minority interest income ("-" for net losses)		
VI. Net of tax from other comprehensive income	-5,577,527.76	9,405,009.07
Net amount of other comprehensive income after tax attributable to owners of the parent company	-5,577,527.76	9,405,009.07
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of enterprise's own credit risk		
5. Other		
(II) Other comprehensive income that can be re-classified into profit and loss	-5,577,527.76	9,405,009.07
1. Other comprehensive income that can be carried forward to profit and loss under the equity method		

2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified and included in other comprehensive income		
4. Credit impairment reserves of other debt investment		
5. Cash flow hedge reserve		
6. Translation difference of foreign currency financial statements	-5,577,527.76	9,405,009.07
7. Other		
Net of tax from other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	141,560,954.58	196,800,076.30
Total comprehensive income attributable to owners of the parent company	141,560,954.58	196,800,076.30
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(I) Basic earnings per share	0.3568	0.4517
(II) Diluted earnings per share	0.3564	0.4517

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

4. Profit Statement of Parent Company

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Operating revenue	95,651,893.86	92,042,875.14
Less: operating cost	28,763,610.04	22,121,058.14
Taxes and surcharges	3,754,920.70	3,858,296.21
Selling and Distribution Expenses	13,488,147.65	510,613.70
General and Administrative Expenses	27,338,182.18	29,511,087.70
R&D Expenditures	6,949,411.52	5,986,203.21
Financial expenses	-888,010.29	-103,859.98
Including: interest expenses	305,742.86	1,476,552.70
Interest income	1,605,624.26	1,953,770.61
Plus: other income	194,361.73	753,278.99
Investment income ("-" for losses)	89,872.06	-1,697,481.65
Including: income from investment in associates and joint ventures	89,872.06	-1,697,481.65
Gains from derecognition of financial assets measured at amortized cost ("-" for losses)		
Net exposure hedging income		

("-" for losses)		
Gains from changes in fair value ("-" for losses)		
Credit impairment losses ("-" for losses)	-520,369.57	-362,763.81
Asset impairment losses ("-" for losses)		
Asset disposal income ("-" for losses)	2,920,369.62	-37,783.55
2. Operating profits ("-" for losses)	18,929,865.90	28,814,726.14
Plus: non-operating revenue	973.45	8,037.20
Less: non-operating expenses	334,515.20	837.18
3. Total profits ("-" for total losses)	18,596,324.15	28,821,926.16
Less: income tax expenses	4,661,624.51	8,154,082.65
4. Net profits ("-" for net losses)	13,934,699.64	20,667,843.51
(1) Net profit from continuing operations ("-" for net losses)	13,934,699.64	20,667,843.51
(2) Net profit from discontinued operations ("-" for net losses)		
V. Net of tax of other comprehensive income		
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of enterprise's own credit risk		
5. Other		
(II) Other comprehensive income that can be re-classified into profit and loss		
1. Other comprehensive income that can be carried forward to profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified and included in other comprehensive income		
4. Credit impairment reserves of other debt investment		
5. Cash flow hedge reserve		
6. Translation difference of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	13,934,699.64	20,667,843.51

VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

5. Consolidated Cash Flow Statement

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,242,943,860.28	2,544,494,031.57
Net increase in deposits from customers and interbank		
Net increase in borrowings from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash received for premiums under the original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits from the insured and investment funds		
Cash received for interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds of repurchasing business		
Net cash received from vicariously traded securities		
Refund of taxes and surcharges	1,361,806.68	850,371.86
Cash received from other operating activities	22,763,002.95	37,298,851.19
Sub-total of cash inflow from operating activities	2,267,068,669.91	2,582,643,254.62
Cash paid for purchase of goods and rendering of services	1,493,308,339.25	1,584,272,785.87
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and deposits from interbank		
Cash paid for the compensation under the original insurance contract		
Net increase in lending funds		
Cash paid for interest, service charges and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	336,053,098.67	336,029,420.86
Taxes and fees paid	115,761,812.75	135,231,581.42

Other cash payments relating to operating activities	185,414,622.72	182,449,622.85
Sub-total of cash outflow from operating activities	2,130,537,873.39	2,237,983,411.00
Net Cash Flows from Operating Activities	136,530,796.52	344,659,843.62
II. Cash flows from investing activities:		
Cash received from disinvestment		
Cash received from investment income	196,270.19	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,813,262.87	3,545.41
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	120,049,969.61	
Sub-total of cash inflow from investing activities	125,059,502.67	3,545.41
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	43,613,301.74	36,273,631.65
Cash paid for investments		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	165,092,806.07	
Sub-total of cash outflow from investing activities	208,706,107.81	36,273,631.65
Net cash flows from operating activities	-83,646,605.14	-36,270,086.24
III. Cash flows from financing activities:		
Cash received from investors		
Including: Cash received from the investment of minority shareholders of the subsidiaries		
Cash received from borrowings	320,000,000.00	250,000,000.00
Cash received from other financing activities		
Sub-total of cash inflow from financing activities	320,000,000.00	250,000,000.00
Cash paid for debt repayments	250,000,000.00	150,000,000.00
Cash paid for distribution of dividends and profits or payment of interest	164,868,413.68	110,259,489.52
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Cash paid for other financing activities	58,254,091.98	92,370,343.32
Sub-total of cash flows from financing activities	473,122,505.66	352,629,832.84
Net cash flows from financing	-153,122,505.66	-102,629,832.84

activities		
IV. Effect of exchange rate changes on cash and cash equivalents	-34,830.30	-138,593.06
V. Net increase in cash and cash equivalents	-100,273,144.58	205,621,331.48
Add: opening balance of cash and cash equivalents	504,629,153.71	313,747,463.64
VI. Closing balance of cash and cash equivalents	404,356,009.13	519,368,795.12

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

6. Cash Flow Statement of Parent Company

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	92,269,424.38	84,192,699.46
Refund of taxes and surcharges		
Cash received from other operating activities	1,967,128,778.52	2,141,372,420.70
Sub-total of cash inflow from operating activities	2,059,398,202.90	2,225,565,120.16
Cash paid for purchase of goods and rendering of services	9,782,620.00	
Cash paid to and for employees	44,398,658.47	29,190,598.81
Taxes and fees paid	12,856,580.23	5,480,282.08
Other cash payments relating to operating activities	1,899,095,301.14	2,002,201,028.42
Sub-total of cash outflow from operating activities	1,966,133,159.84	2,036,871,909.31
Net Cash Flows from Operating Activities	93,265,043.06	188,693,210.85
II. Cash flows from investing activities:		
Cash received from disinvestment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,741,325.47	200.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflow from investing activities	4,741,325.47	200.00
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	1,946,698.06	4,515,871.59
Cash paid for investments		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		

Sub-total of cash outflow from investing activities	1,946,698.06	4,515,871.59
Net cash flows from operating activities	2,794,627.41	-4,515,671.59
III. Cash flows from financing activities:		
Cash received from investors		
Cash received from borrowings	320,000,000.00	250,000,000.00
Cash received from other financing activities		
Sub-total of cash inflow from financing activities	320,000,000.00	250,000,000.00
Cash paid for debt repayments	250,000,000.00	150,000,000.00
Cash paid for distribution of dividends and profits or payment of interest	164,868,413.68	110,259,489.52
Cash paid for other financing activities	79,409.91	35,483,644.86
Sub-total of cash flows from financing activities	414,947,823.59	295,743,134.38
Net cash flows from financing activities	-94,947,823.59	-45,743,134.38
IV. Effect of exchange rate changes on cash and cash equivalents	10,273.00	109,517.02
V. Net increase in cash and cash equivalents	1,122,119.88	138,543,921.90
Add: opening balance of cash and cash equivalents	308,230,255.35	274,691,023.16
VI. Closing balance of cash and cash equivalents	309,352,375.23	413,234,945.06

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

7. Consolidated Statement of Changes in Owner's Equity

Amount in current period

Unit: RMB

Item	Semi-annual 2024														
	Equity attributable to owners of the parent company													Minority interests	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk provisions	Undistributed profits	Other	Sub-total		
		Preferred stock	Perpetual bonds	Other											
1. Balance at the end of the previous year	415,219,970.00				990,159,033.17	78,645,532.23	19,325,335.93	3,223,158.06	275,010,401.50		1,709,513,385.76		3,333,805,752.19		3,333,805,752.19
Add: Change in															

accounting policy															
Correction of previous errors															
Other															
2. Balance at the beginning of the current year	415,219,970.00				990,159,033.17	78,645,532.23	19,325,335.93	3,223,158.06	275,010,401.50		1,709,513,385.76		3,333,805,752.19		3,333,805,752.19
3. Changes in increase/decrease in the current period ("-" for decrease)	-9,355,763.00				-54,078,839.21	-65,199,717.42	-5,577,527.76	541,857.36			-15,207,200.47		-18,477,755.66		-18,477,755.66
(I) Total comprehensive income							-5,577,527.76				147,138,482.34		141,560,954.58		141,560,954.58
(II) Contribution and withdrawal of capital by owners	-9,355,763.00				-54,078,839.21	-65,199,717.42							1,765,115.21		1,765,115.21
1. Common stock contributed by owners	-9,355,763.00				-54,984,906.42	-64,340,669.42									
2. Capital invested by holders of other equity instruments															
3. Share-based payment recognized in owners' equity					906,067.21	-859,048.00							1,765,115.21		1,765,115.21
4. Others															
(III) Profit distribution											-162,345,6		-162,345,6		-162,345,6

											82.81		82.81		82.81
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk reserves															
3. Distribution to owners (or shareholders)											-162,345,682.81		-162,345,682.81		-162,345,682.81
4. Others															
(4) Internal carry-forward of owners' equity															
1. Capital reserve transferred to paid-in capital (or share capital)															
2. Surplus reserve transferred to paid-in capital (or share capital)															
3. Surplus reserve offsetting losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income transferred to retained															

earnings															
6. Others															
(V) Special reserves								541,857.36					541,857.36		541,857.36
1. Withdrawal in the current period								760,556.40					760,556.40		760,556.40
2. Utilization in the current period								-218,699.04					-218,699.04		-218,699.04
(VI) Others															
4. Balance at the end of the current period	405,864,207.00				936,080,193.96	13,445,814.81	13,747,808.17	3,765,015.42	275,010,401.50		1,694,306,185.29		3,315,327,996.53		3,315,327,996.53

Amount Last Year

Unit: RMB

Item	Semi-annual 2023														
	Equity attributable to owners of the parent company													Minority interests	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk provisions	Undistributed profits	Other	Sub-total		
		Preferred stock	Perpetual bonds	Other											
1. Balance at the end of the previous year	417,627,960.00				1,007,086,643.48	50,759,806.16	5,739,589.89	2,012,064.91	275,010,401.50		1,479,706,638.53		3,136,423,492.15		3,136,423,492.15
Add: Change in accounting policy															
Correction of previous errors															
Other															
2. Balance at the	417,62				1,007,	50,759	5,739,	2,012,	275,01		1,479,		3,136,		3,136,

beginning of the current year	7,960.00				086,643.48	,806.16	589.89	064.91	0,401.50		706,638.53		423,492.15		423,492.15
3. Changes in increase/decrease in the current period ("-" for decrease)					-3,732,336.52	-3,630,088.51	9,405,009.07	735,198.09			83,237,295.23		93,275,254.38		93,275,254.38
(I) Total comprehensive income							9,405,009.07				187,395,067.23		196,800,076.30		196,800,076.30
(II) Contribution and withdrawal of capital by owners					-3,732,336.52	-3,630,088.51							-102,248.01		-102,248.01
1. Common stock contributed by owners						17,007,830.70							-17,007,830.70		-17,007,830.70
2. Capital invested by holders of other equity instruments															
3. Share-based payment recognized in owners' equity					-3,729,602.11	-20,637,919.21							16,908,317.10		16,908,317.10
4. Others					-2,734.41								-2,734.41		-2,734.41
(III) Profit distribution											-104,157,772.00		-104,157,772.00		-104,157,772.00
1. Withdrawal of surplus reserve															
2. Withdrawal															

of general risk reserves															
3. Distribution to owners (or shareholders)											-104,157,772.00		-104,157,772.00		-104,157,772.00
4. Others															
(4) Internal carry-forward of owners' equity															
1. Capital reserve transferred to paid-in capital (or share capital)															
2. Surplus reserve transferred to paid-in capital (or share capital)															
3. Surplus reserve offsetting losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserves								735,198.09					735,198.09		735,198.09
1. Withdrawal								816,61					816,61		816,61

in the current period								8.92					8.92		8.92
2. Utilization in the current period								-81,420.83					-81,420.83		-81,420.83
(VI) Others															
4. Balance at the end of the current period	417,627,960.00				1,003,354,306.96	47,129,717.65	15,144,598.96	2,747,263.00	275,010,401.50		1,562,943,933.76		3,229,698,746.53		3,229,698,746.53

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

8. Variation of equity attributable to owners of the parent company

Amount in current period

Unit: RMB

Item	Semi-annual 2024											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Other	Total owner's equity
		Preferred stock	Perpetual bonds	Other								
1. Balance at the end of the previous year	415,219,970.00				993,037,528.98	78,645,532.23			275,010,401.50	1,063,629,483.35		2,668,251,851.60
Add: Change in accounting policy												
Correction of previous errors												
Other												
2. Balance at the beginning of the current year	415,219,970.00				993,037,528.98	78,645,532.23			275,010,401.50	1,063,629,483.35		2,668,251,851.60
3. Changes in increase/decrease in the current	-9,355,763.00				-54,078,839.21	-65,199,717.42				-148,410,983.16		-146,645,867.95

period ("-" for decrease)												
(I) Total comprehensive income									13,934,699.65		13,934,699.65
(II) Contribution and withdrawal of capital by owners	-9,355,763.00				-54,078,839.21	-65,199,717.42						1,765,115.21
1. Common stock contributed by owners	-9,355,763.00				-54,984,906.42	-64,340,669.42						
2. Capital invested by holders of other equity instruments												
3. Share-based payment recognized in owners' equity					906,067.21	-859,048.00						1,765,115.21
4. Others												
(III) Profit distribution									-162,345,682.81		-162,345,682.81
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)									-162,345,682.81		-162,345,682.81
3. Others												
(4) Internal carry-forward of owners' equity												
1. Capital reserve transferred to paid-in capital (or share												

capital)												
2. Surplus reserve transferred to paid-in capital (or share capital)												
3. Surplus reserve offsetting losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawal in the current period												
2. Utilization in the current period												
(VI) Others												
4. Balance at the end of the current period	405,864,207.00				938,958,689.77	13,445,814.81			275,010,401.50	915,218,500.19		2,521,605,983.65

Amount Last Year

Unit: RMB

Item	Semi-annual 2023											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incom	Special reserve	Surplus reserves	Undistributed profits	Other	Total owner's equity
		Preferred	Perpetual bond	Other								

		stock	s				e					
1. Balance at the end of the previous year	417,627,960.00				1,010,917,776.19	50,759,806.16			275,010,401.50	943,017,166.88		2,595,813,498.41
Add: Change in accounting policy												
Correction of previous errors												
Other												
2. Balance at the beginning of the current year	417,627,960.00				1,010,917,776.19	50,759,806.16			275,010,401.50	943,017,166.88		2,595,813,498.41
3. Changes in increase/decrease in the current period ("-" for decrease)					-4,684,973.42	-3,630,088.51				-83,489,928.49		-84,544,813.40
(I) Total comprehensive income										20,667,843.51		20,667,843.51
(II) Contribution and withdrawal of capital by owners					-4,684,973.42	-3,630,088.51						-1,054,884.91
1. Common stock contributed by owners						17,007,830.70						-17,007,830.70
2. Capital invested by holders of other equity instruments												
3. Share-based payment recognized in owners' equity					-4,682,239.01	-20,637,919.21						15,955,680.20

4. Others					-2,734.41							-2,734.41
(III) Profit distribution										-104,157,772.00		-104,157,772.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-104,157,772.00		-104,157,772.00
3. Others												
(4) Internal carry-forward of owners' equity												
1. Capital reserve transferred to paid-in capital (or share capital)												
2. Surplus reserve transferred to paid-in capital (or share capital)												
3. Surplus reserve offsetting losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income transferred to retained												

earnings												
6. Others												
(V) Special reserves												
1. Withdrawal in the current period												
2. Utilization in the current period												
(VI) Others												
4. Balance at the end of the current period	417,627,960.00				1,006,232,802.77	47,129,717.65			275,010,401.50	859,527,238.39		2,511,268,685.01

Legal Representative: Zhang Xuhua CFO: Song Yaoming Financial Manager: Tian Hui

3. Company profile

1. Company's registered location, organizational form, and headquarters address

FIYTA Precision Technology Co., Ltd. (hereinafter referred to as the "Company") was restructured and established by "Shenzhen FIYTA Timing Industry Company" on December 25, 1992 with the approval of the SFBF [1992] No. 1259 Document of the General Office of the People's Government of Shenzhen Municipality by Shenzhen Industry and Trade Center of China Aviation Technology Import & Export (later renamed as "China Aviation Technology Shenzhen Co., Ltd.") as the initiator. The company was listed on the Shenzhen Stock Exchange on June 3, 1993, and now holds a business license with a unified social credit code of 91440300192189783K.

After the distribution of bonus shares, placement of new shares, capital stock conversion and further issue of new shares over the years, as of June 30, 2024, the company has issued a total of 405,864,207 shares in total, with a registered capital of RMB405,864,207. The registered address is FIYTA Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen City, Guangdong Province. The controlling shareholder is AVIC International Holdings Limited, and the actual controller is Aviation Industry Corporation of China, LTD.

2. Business nature and main operating activities of the company

The business nature and main operating activities of the Company and its subsidiaries include: general business items: sales of clocks and watches; Manufacturing of clocks and timekeeping instruments; Sales of clocks, watches and timekeeping instruments; Jewelry wholesale; Jewelry retail; Manufacturing of wearable smart devices; Sales of wearable smart devices; leasing of non-residential real estate; professional design services; Sales of household appliances; Sales of mobile satellite communication terminals. (except for projects subject to approval by laws, business activities independently carried out according to law with business license) Licensed items: property management; Goods import and export. (Any business which requires to be approved by law can only be carried out after approval of relevant authorities. Specific business items are subject to the approval documents or licenses issued by these authorities.)

3. Scope of the consolidated financial statements

There are 12 subsidiaries included in the scope of consolidation in the current period. See Note 10, Equity in other entities, for details. There is no change in the entities included in the scope of the consolidated financial statements for the current period compared to the previous period.

4. Approval on the issuance of the financial statements

These financial statements were approved for issuance by the Company's Director on Aug. 19, 2024.

4. Preparation Basis of Financial Statements

1. Basis of preparation

The Company recognized and measured transactions and events that have actually occurred in accordance with the Basic Standard for Enterprise Accounting issued by the Ministry of Finance, specific enterprise accounting standards, application guidelines, interpretations, and other relevant provisions (collectively referred to as 'Enterprise Accounting Standards). On this basis, combined with the provisions of No.15 Rules on Information Disclosure and Compilation of Companies Offering Securities to the Public-General Provisions on Financial Reports (revised in 2023) by China Securities Regulatory Commission, the Company prepared the financial statements.

2. Going concern

The Company evaluated its ability of going concern for 12 months from the end of the reporting period, and found no matters or circumstances that have serious doubts about the ability of going concern. Therefore, the financial statements were prepared on the assumption of going concern.

5. Important accounting policies and estimates

Tips on specific accounting policies and accounting estimates:

1. The Company determines specific accounting policies and accounting estimates according to the characteristics of production and operation, mainly reflected in the method of expected credit loss of receivables (Notes V.12, Notes V.13, Notes V.15), the valuation method of inventories (Notes V.17), the depreciation of investment properties, fixed assets and intangible assets (Notes V.23, Notes V.24, Notes V.29), income (Notes V.37), etc.

2. The Company continuously evaluates the important accounting estimates and key assumptions adopted based on historical experience and other factors, including reasonable expectations of future events. The following significant accounting estimates and key assumptions, if subject to substantial changes, may have a significant impact on the carrying amounts of assets and liabilities in future accounting periods:

(1) Provision for bad debts of accounts receivable and other receivables is made according to the accounting standards. The provision for impairment of accounts receivable and other receivables should be estimated by describing the expected credit losses of accounts receivable and others receivable judged by the management. If any events or changes in circumstances indicate that the Company may not be able to recover the relevant balances, it is necessary to use estimates to accrue provisions for accounts receivable and other receivables. If the expected figure is different from the original estimate, the difference will affect the book value of accounts receivable and other receivables, as well as the impairment provision during the change in estimate.

(2) Estimation of inventory impairment. It shall describe that the inventories are measured at the lower of cost and net realizable value on the balance sheet date, and 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 estimated net realizable value of inventories. This difference will impact the provision for inventory write-downs.

(3) Estimation of impairment of long-term assets. It should be described that when the management judges whether there is impairment of long-term assets, it mainly evaluates and analyzes from the following aspects: (1) whether the events that affect the impairment of assets have occurred; (2) Whether the present value of the cash flows expected to be obtained due to the continuous use or disposal of the assets is lower than the book value of the assets; And (3) whether the important assumptions used in the present value of expected future cash flows are appropriate.

If the assumptions used by the company to determine impairment, such as profitability, discount rate, and growth rate assumptions in the present value method of future cash flows, change, this may significantly impact the present value used in impairment testing and result in the impairment of the company's long-term assets.

(4) Depreciation and amortization. The Company's estimates of the estimated useful life and estimated net residual value of the investment properties, fixed assets and intangible assets are based on the actual useful life and net residual value of the assets with similar nature and functions in the past. During the use of the assets, the economic environment, technological environment and other environments in which the assets are located may have a greater impact on the useful life and estimated net residual value of the assets. If there is any difference between the estimated useful life and net residual value of the assets and the original estimates, the management will make appropriate adjustments.

(5) Share-based payment. On each balance sheet date within the waiting period, the management makes the best estimate of the number of equity instruments expected to vest is revised based on subsequent information such as changes in the number of employees eligible for vesting. If there is any difference between the change in the number of employees with exercisable rights in the current year and the original estimates, the management will make appropriate adjustments.

(6) Deferred tax assets Deferred tax assets should be recognized for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits to offset the losses. This requires the management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

(7) Income tax. It should be described in normal business activities, there are uncertainties in the final tax treatment of many transactions and matters. Significant judgments need to be made when accruing income tax. If there is a difference between the final recognized outcome for these taxes and the initial received amount, it will have an impact on the above-mentioned taxes in the final recognition period.

1. Statement of Compliance with Accounting Standard for Business Enterprises

The financial statement prepared by the Company meets the requirements of accounting standards for enterprises, and authentically and completely reflects financial status, business performance, cash flow and other relative information on the Company during the reporting period.

2. Accounting period

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

3. Operating cycle

The operating cycle refers to the period from the acquisition of assets for processing to the realization of cash or cash equivalents. The Company takes 12 months as an operating cycle and takes it as the classification standard for the liquidity of assets and liabilities.

4. Functional currency

The Company and its domestic subsidiaries use RMB as its functional currency. FIYTA (HONG KONG) LIMITED, an overseas subsidiary of the Company, determines HKD as its functional currency according to the currency in the main economic environment in which it operates. Montres Chouriet SA, a subsidiary of FIYTA (HONG KONG) LIMITED, determines Swiss franc as its functional currency based on the currency in the main economy environment in which it operates, which is converted into RMB when preparing the financial statements. The currency adopted by the Company for the preparation of the financial statements is RMB.

5. Determination method and selection basis of materiality criteria

Item	Materiality criteria
Accounts receivable with significant amount reversed from provision for bad debts or recovered in the current period	Single ending balance of more than RMB500,000
Significant other payable with an aging of over one year	Single ending balance of more than RMB1,000,000

6. Accounting treatment methods of business merger under the common control and not under the common control

1. If the terms, conditions and economic impact of each transaction in the process of step-by-step business combination meet one or more of the following conditions, multiple transactions will be taken as a package transaction for accounting treatment.

(1) These transactions are concluded at the same time or under the consideration of mutual influence;

(2) These transactions collectively achieve a complete commercial result;

(3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(4) A transaction is uneconomical on its own, but economical when considered together with other transactions.

2. Business combination under common control

The assets and liabilities acquired by the Company in business combination shall be measured according to the book value of the assets and liabilities (including the goodwill formed by the acquisition of the merged party by the ultimate controller) of the merged party on the combination date in the consolidated financial statements of the ultimate controller. For the difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total par value of the issued shares), the stock premium in the capital reserve shall be adjusted. If the stock premium in the capital reserve is insufficient to cover the difference, the retained earnings shall be adjusted.

If there is contingent consideration and it is necessary to recognize estimated liabilities or assets, the capital reserve (capital premium or stock premium) shall be adjusted based on the difference between the amount of the estimated liabilities or assets and the subsequent settlement amount of the contingent consideration. If the capital reserve is insufficient, the retained earnings shall be adjusted.

For the business combination finally realized through multiple transactions, which belongs to a package transaction, the transactions shall be taken as a transaction that obtains control for accounting treatment; If it does not belong to a package transaction, the capital reserve shall be adjusted based on the difference between the initial investment cost of the long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration of the shares on the merger date; if the capital reserve is insufficient to cover the difference, the retained earnings shall be adjusted. For the equity investment held before the merger date, other comprehensive income recognized due to accounting by equity method or accounting by financial instruments and measurement standards will not subject to accounting treatment temporarily until the investment is disposed of on the same basis as the related assets or liabilities directly disposed by the investee; Other changes in the owner's equity in the net assets of the investee, except net profit or loss and other comprehensive income and profit distribution, which are recognized by the equity method, will not subject to accounting treatment temporarily until the investment is transferred to the current profit and loss.

3. Business combination not under common control

Acquisition date refers to the date when the Company actually obtains the control over the acquiree, that is, the date when the control over the net assets or production and operation decisions of the acquiree is transferred to the Company. When the following conditions are met at the same time, the Company generally considers that the control has been transferred:

①The business combination contract or agreement has been approved by the company's internal authority.

②Where the business combination needs to be examined and approved by the relevant national competent authorities, the approval has been obtained.

③The necessary formalities for the transfer of property rights have been handled.

④The Company has paid most of the merger price, and has the ability and plan to pay the remaining amount.

⑤The Company has actually controlled the financial and operating policies of the acquiree, and enjoys the corresponding benefits and bears the corresponding risks.

On the acquisition date, the Company measures the assets paid as the consideration for business combination, and the liabilities incurred or assumed at their fair values. The difference between the fair value and the book value is recognized in the current profit or loss.

The Company recognizes as goodwill the excess of the merger costs over the fair value of the identifiable net assets acquired in the merger; The excess of the fair value of the identifiable net assets acquired over the cost of the acquisition, after review, should be recognized in the current period's profit or loss.

If the business combination not under common control realized step by step through multiple transactions belongs to a package transaction, the transactions shall be taken as a transaction that obtains control for accounting treatment; If it does not belong to a package transaction, and the equity investments held before the merger date is accounted for by the equity method, the initial investment cost is the sum of the book value of the equity investment in the acquiree held before the acquisition date and the additional investment cost on the acquisition date; Other comprehensive income recognized from equity investments accounted for by the equity method before the acquisition date is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee. If the equity investment held before the merger date is accounted for under the financial instruments recognition and measurement guidelines, the initial investment cost on the merger date is the sum of the fair value of the equity investment on the merger date plus the additional investment cost. The difference between the fair value and the book value of the previously held equity, and the cumulative fair value changes previously recognized in other comprehensive income, shall be all transferred to the investment income of the current period on the merger date.

4. Costs of business combination

Intermediary expenses such as audit, legal services, evaluation and consultation and other directly related expenses incurred for business combination are recognized in the current profit and loss upon occurrence. Transaction costs for issuing equity securities due to business combination can be directly deducted from equity.

7. Control criteria and preparation method of consolidated financial statements

1. Control criteria

Control refers to the power the investor has over the investee, enjoying variable returns by participating in relevant activities of the investee, and having the ability to influence the amount of returns by using its power over the investee.

The Company judges its control over the investee based on a comprehensive consideration of all relevant facts and circumstances. Should changes in relevant facts and circumstances alter the elements involved in the definition of control, the Company will make re-assessment. Relevant facts and circumstances mainly include:

(1) The establishment purpose of the investee.

(2) The investee's relevant activities and how decisions about those activities are made.

(3) Whether the rights enjoyed by the investor enable it to dominate the related activities of the investee at present.

(4) Whether the investor enjoys variable returns by participating in the related activities of the investee.

(5) Whether the investor has the ability to use the power over the investee to influence its return amount.

(6) The relationship between investors and other parties.

2. Scope of consolidation

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries (including individual entities controlled by the Company) are included in the consolidated financial statements.

3. Combination procedures

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information. In preparing consolidated financial statements, the Company regards the whole enterprise group as an accounting entity, and reflects the overall financial position, operating results and cash flow of the enterprise group according to the recognition, measurement and presentation requirements of relevant accounting standards for business enterprises and unified accounting policies.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidation scope of consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made based on those of the Company when preparing consolidated financial statements.

When preparing consolidated financial statements, the impact of internal transactions between the Company and its subsidiaries and among the subsidiaries themselves on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in shareholders' equity shall be offset. If the recognition of the same transaction from the perspective of consolidated financial statements of enterprise groups is different from that of the Company or its subsidiaries as accounting entities, the transaction shall be adjusted from the perspective of enterprise groups.

The owner's equity of subsidiaries, the current net profit and loss and the share belonging to minority shareholders in the current comprehensive income are listed separately under the owner's equity item in the consolidated balance sheet, the net profit item in the consolidated income statement and the total comprehensive income item. If the current period losses shared by the minority shareholders of a subsidiary exceed the portion of owners' equity held by the minority shareholders at the beginning of the period, the excess is offset against the minority shareholders' equity.

For subsidiaries acquired through business combinations under common control, their financial statements shall be adjusted based on the book value of assets and liabilities (including goodwill formed by the ultimate controller's acquisition of the subsidiary) as reflected in the financial statements of the ultimate controller.

For subsidiaries acquired through business combinations not under common control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the acquisition date.

(1) Addition of subsidiaries or businesses

During the reporting period, if subsidiaries or businesses are added due to business combinations under common control, the opening balances of the consolidated balance sheet shall be adjusted. The incomes, expenses, and profits from the beginning of the period to the end of the reporting period for the subsidiaries or businesses merged shall be included in the consolidated income statement. The cash flows of subsidiaries or businesses from the beginning of the current period to the end of the reporting period shall be included into the statement of cash flows, and the related items of the comparative statements shall be adjusted as if the reporting entity had existed since the point of control by the ultimate controller.

If control over an investee under common control is achieved due to additional investments, it is assumed that all parties involved in the consolidation existed in their current state from the time the ultimate controller began to exercise control. The equity investment held before the acquisition of the control right of the merged party, the relevant profit and loss recognized from the date when the original equity is acquired or the merge party and the merged party are under common control (whichever is later) to the merger date, other comprehensive income and other changes in net assets are used to respectively offset the initial retained income or current profit and loss during the comparative statement period.

If a subsidiary or business is added through a business combination under different control during the reporting period, the opening balances of the consolidated statement of financial position are not adjusted; the incomes, expenses, and profits of the subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement; the cash flows of the subsidiary or business from the acquisition date to the end of the reporting period shall be included in the statement of cash flows.

If the investee not under common control can be controlled due to additional investment, the Company will re-measure the equity of the investee held before the acquisition date according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value will be included in the current investment income. For equity interests in the acquiree held before the acquisition date that involve other comprehensive income and changes in other owners' equity under the equity method accounting, excluding net gains or losses, other comprehensive income, and profit distribution, the related other comprehensive income and changes in other owners' equity are reclassified to investment income of the current period on the acquisition date, except for other comprehensive income arising from remeasurement of the defined benefit plan net liability or net assets of the investee.

(2) Disposal of subsidiaries or businesses

1) General methods

During the reporting period, if the Company disposes of a subsidiary or business, the incomes, expenses, and profits from the beginning of the period to the date of disposal are included in the consolidated income statement; The cash flows from the beginning of the period to the date of disposal of the subsidiary or business are included in the consolidated statement of cash flows.

When losing control over an investee due to the disposal of a partial equity investment or other reasons, the Company re-measures the remaining equity investment at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the shares and the fair value of the remaining shares, minus the difference between the share of the original subsidiary's net assets that shall be continuously calculated from the acquisition date or the merger date and the sum of goodwill, is included in the investment income in the current period when the control right is lost. Other comprehensive income related to the equity investment in the original subsidiary, or changes in other owners' equity excluding net loss, other comprehensive income, and profit distribution, are reclassified as current period investment income upon loss of control, except for other comprehensive income arising from the remeasurement of the net liability or net assets of the defined benefit plan of the investee.

2) Step-by-step disposal of a subsidiary

When disposing of equity investments in a subsidiary in multiple transactions until control is lost, the terms, conditions, and economic effects of each transaction in disposing of the equity investments in the subsidiary typically indicate that the multiple transactions shall be accounted for as a package transaction if they meet one or more of the following situations:

A. These transactions are concluded at the same time or under the consideration of mutual influence;

B. These transactions collectively achieve a complete commercial result;

C. The occurrence of one transaction depends on the occurrence of at least one other transaction;

D. A transaction is uneconomical on its own, but economical when considered together with other transactions.

When transaction related to the disposal of equity investments in subsidiaries until control is lost belongs to a package transaction, the Company accounts for the transactions as a disposal of a subsidiary and loss of control; However, before the loss of control, the difference between each disposal consideration and the corresponding share of the subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, and is reclassified to profit or loss of the period when the control is lost.

If the transaction related to the disposal of equity investments in subsidiaries until control is lost does not belong to a package transaction, they are accounted for according to the policy for partial disposals of equity investments in subsidiaries without losing control; At the time of loss of control, the accounting treatment is performed in the same way as a general disposal of a subsidiary.

(3) Acquisition of minority interests in subsidiaries

The Company shall adjust the stock premium in the capital reserve in the consolidated balance sheet for the difference between the newly acquired long-term equity investment due to the acquisition of minority shares and the share of net assets that shall be continuously calculated by the subsidiaries from the acquisition date (or merger date) according to the new shareholding ratio. If the stock premium in the capital reserve is insufficient, the retained earnings shall be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

In cases of partial disposal of long-term equity investments in subsidiaries without losing control, the difference between the disposal consideration and the corresponding share of the subsidiary's net assets continuously calculated from the acquisition date or the merger date is adjusted in the stock premium within the capital reserve in the consolidated balance sheet. If the share premium in the capital reserve is insufficient, retained earnings shall be adjusted.

8. Classification of joint venture arrangements and accounting treatment of joint operations

1. Classification of joint venture arrangements

According to the structure, legal form, terms agreed in the joint venture arrangement and other relevant facts and circumstances, the Company divides the joint venture arrangement into joint operation and joint venture.

Joint venture arrangements not reached through a separate entity shall be classified as joint operation; Joint venture arrangements reached through a separate entity are usually divided into joint ventures; However, if there is strong evidence that any of the following conditions is met and the joint venture arrangement complies with the relevant laws and regulations, it shall be classified as a joint operation:

The legal form of the joint venture arrangement indicates that the joint venture shall respectively enjoy the rights and assume the obligations for the relevant assets and liabilities in the arrangement.

The contractual terms of the joint venture arrangement stipulate that the joint venture shall respectively enjoy the rights and assume the obligations for the relevant assets and liabilities in the arrangement.

Other relevant facts and circumstances indicate that the joint venture has rights to the assets and obligations for the liabilities related to the arrangement, such as when the joint venture enjoys almost all of the output related to the joint arrangement and the settlement of liabilities depends continuously on the support of the joint venture.

2. Accounting treatment for joint operation

The Company recognizes the following items related to the Company in the share of interests in joint operation, and carries out accounting treatment in accordance with the relevant accounting standards for business enterprises:

Recognize the assets held individually, and the assets held jointly based on their shares;

Recognize the liabilities assumed individually, and the liabilities undertaken jointly based on their shares;

Recognize the income generated from the sale of its share of joint operation output;

Recognize the income generated from the sale of output in the joint operation based on their shares;

Recognize the expenses incurred individually and the expenses incurred in joint operation based on their shares.

The Company recognizes only the portion of gains and losses attributable to other participants in the joint operation when contributing or selling assets (except for those constituting a business) to the joint operation, until such assets are sold to a third party. If an impairment loss occurs on assets invested or sold that meets the provisions of "Accounting Standard for Business Enterprises No. 8 – Asset Impairment," the company will fully recognize the loss.

The Company recognizes only the portion of gains and losses attributable to other participants in the joint operation when acquiring assets (except for those constituting a business) from the joint operation, until such assets are sold to a third party. If an impairment loss occurs on assets purchased that meets the provisions of "Accounting Standard for Business Enterprises No. 8 – Asset Impairment," the company will fully recognize the loss.

If the Company does not have joint control over the joint operation but enjoys the relevant assets and bears the relevant liabilities of the joint operation, accounting should still be conducted according to the above principles. Otherwise, accounting should be conducted in accordance with the relevant enterprise accounting standards.

9. Recognition criteria for cash and cash equivalents

In preparing the cash flow statement, the Company recognizes its cash on hand and the deposits that can be used for payment at any time. Investments that meet the four conditions of short-term maturity (generally within three months from the acquisition date), high liquidity, easy conversion into a known amount of cash, and minimal risk of change in value, as cash equivalents.

10. Foreign currency transactions and conversion of foreign currency financial statements

1. Foreign currency transactions

Foreign currency transactions are initially recorded at the spot exchange rate of the transaction date when initially recognized.

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate of the balance sheet date. The resulting exchange differences, except for those arising from foreign currency borrowings related to the acquisition or construction of assets meeting the capitalization criteria, which are treated in accordance with the principle of borrowing cost capitalization, are all recognized in the current profit or loss. Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate of the transaction date, without changing their recorded amount in the functional currency.

Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate of the fair value determination date. The difference between the converted amount in the functional currency and the original recorded amount in the functional currency is treated as a fair value change (including changes of exchange rate), and is recognized in the current profit or loss or as other comprehensive income.

2. Foreign currency financial statements

Assets and liabilities in the balance sheet are converted at the spot exchange rate of the balance sheet date; Equity items, except for the "undistributed profits" item, are converted at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are converted at the current average exchange rate of the transaction date. The exchange differences arising from the conversion of foreign currency financial statements as described above are recognized in other comprehensive income.

When disposing of a foreign operation, the exchange differences related to that foreign operation and presented in other comprehensive income items in the balance sheet are transferred from other comprehensive income items to the current profit or loss; In the case of disposing of a part of an equity investment or for other reasons that lead to a reduction in the ownership interest in a foreign operation without losing control over it, the exchange differences related to the partial disposal of the foreign operation are attributed to minority interests and are not transferred to the current profit or loss. When disposing of a portion of equity in overseas operations that are joint ventures or associates, the foreign currency translation differences related to the overseas operations are transferred to the disposal period's profit or loss in proportion to the disposal scale.

11. Financial instruments

The Company recognizes financial assets or financial liabilities when it becomes a party to the financial instrument contract.

The effective interest method is the calculation of the amortized cost of financial assets or financial liabilities and the allocation of interest income or interest expense over the accounting periods.

The effective interest rate is the rate used to discount the estimated future cash flows of financial assets or financial liabilities over the expected life to the book value of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flows are estimated based on all contractual terms of the financial asset or financial liability (such as prepayment, extension, call options, or other similar options), without considering expected credit losses.

The amortized cost of financial assets or financial liabilities is the initial recognition amount minus principal repayments, plus or minus the cumulative amortization of the difference between the initial recognition amount and the maturity amount using the effective interest method, less any cumulative impairment loss provision (applicable only to financial assets).

1. Classification, recognition, and measurement of financial assets

The Company classifies financial assets into the following three categories based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

A. Financial assets measured at amortized cost.

B. Financial assets measured at fair value with changes recognized in other comprehensive income.

C. Financial assets measured at fair value with changes recognized in profit or loss.

Financial assets are initially measured at fair value. However, receivables from the sale of goods or provision of services that do not include a significant financing component or consider financing components of not more than one year are initially measured at the transaction price.

For financial assets measured at fair value with changes recognized in profit or loss, related transaction costs are directly recognized in profit or loss. For other categories of financial assets, related transaction costs are included in their initial recognition amount.

Subsequent measurement of financial assets depends on their classification. Reclassification of all affected financial assets occurs only when the Company changes its business model for managing financial assets.

1) Financial assets measured at amortized cost

Financial assets whose contractual terms generate cash flows on specified dates that are solely payments of principal and interest on the outstanding principal amount, and are managed with the objective of collecting contractual cash flows, are classified by the Company as financial assets measured at amortized cost. The Company's financial assets classified at amortized cost include cash, notes receivable, accounts receivable, and other receivables.

The Company recognizes interest income on such financial assets using the effective interest method, measures them subsequently at amortized cost, and includes any impairment losses or gains or losses on de-recognition or modification in profit or loss. Except in the following situations, the Company calculates interest income based on the actual interest rate multiplied by the financial asset's book value:

A. For financial assets that have incurred credit impairment upon acquisition or origination, the Company calculates interest income from the initial recognition based on the amortized cost of the financial asset and the effective interest rate adjusted for credit.

B. For financial assets that have not incurred credit impairment upon acquisition or origination but subsequently become credit-impaired, the Company calculates interest income in subsequent periods based on the amortized cost and the effective interest rate of the financial asset. If the financial instrument is no longer credit-impaired in subsequent periods due to an improvement in credit risk, the Company calculates interest income by multiplying the effective interest rate by the book value of the financial asset.

2) Financial assets measured at fair value with changes recognized in other comprehensive income

If the contractual terms of financial assets require cash flows on a specified date that are solely payments of principal and interest on the principal amount outstanding, and the business model for managing the financial asset is both to collect contractual cash flows and to sell the financial asset, then the Company classifies the financial asset as measured at fair value with changes recognized in other comprehensive income.

The Company recognizes interest income on such financial assets using the effective interest method. Apart from interest income, impairment losses, and foreign exchange gains or losses recognized in profit or loss, other fair value changes are recognized in other comprehensive income. When the financial asset is de-recognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value with changes recognized in other comprehensive income, such as trade receivables and accounts receivable, are reported as receivables financing, and other such financial assets are reported as other debt investments. Among them, other debt investments maturing within one year from the balance sheet date are reported as non-current assets due within one year, and other debt investments with original maturities within one year are reported as other current assets.

3) Financial assets designated at fair value with changes recognized in other comprehensive income

At initial recognition, the Company may irrevocably designate non-trading equity instrument investments based on a single financial asset as measured at fair value through other comprehensive income.

The fair value changes of such financial assets are recognized in other comprehensive income, without the need for impairment provisions. When the financial asset is de-recognized, the accumulated gains or losses previously recognized in other comprehensive income are reclassified to retained earnings. During the period the Company holds the equity instrument investment, dividend income is recognized and included in the current profit or loss when the Company's right to receive dividends is established, the economic benefits related to the dividends are likely to flow into the Company, and the amount of dividends can be reliably measured. The Company reports such financial assets under other equity instrument investments.

An equity instrument investment that meets one of the following conditions is classified as financial assets measured at fair value through profit or loss: The primary purpose of acquiring the financial asset is for sale in the near term; At initial recognition, it is part of an identifiable financial asset group under centralized management, and there is objective evidence indicating the existence of a short-term profit pattern recently; It is a derivative instrument (excluding those meeting the definition of a financial guarantee contract and those designated as effective hedging instruments).

4) Classified as financial assets measured at fair value through profit or loss

Financial assets that do not meet the conditions for measurement at amortized cost or at fair value through other comprehensive income, and are not designated as measured at fair value through other comprehensive income, are classified as measured at fair value through profit or loss.

Such financial assets are subsequently measured at fair value. Gains or losses from changes in fair value as well as dividends and interest income related to such financial assets are included in the current profit and loss.

The Company shall present such financial assets in the items of transactional financial assets and other non-current financial assets according to their liquidity.

5) Financial assets designated to be measured by fair value through current profit and loss

At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate financial assets as financial assets measured at fair value through current profit or loss on the basis of individual financial asset.

If a hybrid contract contains one or more embedded derivative instruments, and its master contract does not belong to the above financial assets, the Company can designate it as a whole as a financial instrument measured at fair value through current profit and loss. Except for the following circumstances:

A. The embedded derivative instruments will not have a significant change in the cash flows of the hybrid contract.

B. When determining whether a similar hybrid contract needs to be split for the first time, it can be made clear that the embedded derivatives contained therein should not be split with little analysis. For example, the prepayment right embedded in the loan allows the holder to prepay the loan at an amount close to the amortized cost, and the prepayment right does not need to be split.

Such financial assets are subsequently measured at fair value. Gains or losses from changes in fair value as well as dividends and interest income related to such financial assets are included in the current profit and loss.

The Company shall present such financial assets in the items of transactional financial assets and other non-current financial assets according to their liquidity.

2. Classification, recognition and measurement of financial liabilities

The Company classifies the financial instrument or its components as financial liabilities or equity instruments at initial recognition based on the contractual terms of the issued financial instruments and their economic substance rather than merely legal form, in conjunction with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly included in the current profit or loss; For other categories of financial liabilities, related transaction costs are included in the initially recognized amount.

Subsequent measurement of financial liabilities depends on their classification:

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

This category includes trading financial liabilities (including derivatives that are financial liabilities) and those designated at initial recognition as measured at fair value through profit or loss.

Financial liabilities is considered trading if it is incurred primarily for the purpose of selling or re-acquiring in the near term; Or if it is part of an identifiable portfolio of financial instruments that the enterprise manages together and there is evidence of a recent actual pattern of short-term profit-taking. Belongs to derivative instruments, except for those designated and effective as hedging instruments and derivatives that meet the criteria of financial guarantee contracts. Trading financial liabilities (including derivatives that are financial liabilities) are measured at fair value subsequently, with all fair value changes recognized in the current profit or loss, except for those related to hedge accounting.

At initial recognition, to provide more relevant accounting information, the Company designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value through profit or loss, which cannot be revoked:

A. Capable of eliminating or significantly reducing accounting mismatches.

B. Managed and performance evaluated on a fair value basis for a portfolio of financial liabilities or a combination of financial assets and financial liabilities, as documented in formal written documents reflecting the Company's risk management or investment strategy, and reported internally to key management personnel on this basis.

The Company subsequently measures such financial liabilities at fair value, with changes in fair value due to the Company's own credit risk recognized in other comprehensive income, and all other fair value changes recognized in the current profit or loss. Unless recognizing changes in fair value due to the Company's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, the Company recognizes all fair value changes (including the effect of changes in its own credit risk) in the current profit or loss.

2) Other financial liabilities

Except for the following items, the Company classifies financial liabilities as those measured at amortized cost, using the effective interest method for subsequent measurement at amortized cost, with gains or losses arising from de-recognition or amortization recognized in the current profit or loss:

A. Financial liabilities measured at fair value through profit or loss.

B. Financial liabilities caused by the transfer of financial assets that do not meet the conditions for de-recognition or continue to be involved in the transferred financial assets.

C. Financial guarantee contracts that do not fall under the first two categories mentioned above, and loan commitments that are not under the Category 1) and are provided at an interest rate lower than the market rate.

A financial guarantee contract refers to an agreement that requires the issuer to compensate the contract holder for a specific amount if a particular debtor fails to repay the debt on the due date according to the original or modified terms of the debt instrument. Financial guarantee contracts that are not designated as financial liabilities measured at fair value with changes recognized in profit or loss are measured after initial recognition at the higher of the amount of the loss allowance and the balance of the initial recognition amount less the cumulative amortization during the guarantee period.

3. De-recognition of financial assets and financial liabilities

1) Financial assets are de-recognized when it meets one of the following conditions, i.e., it is removed from the accounts and the balance sheet:

A. The contractual right to receive cash flows from the financial asset has expired.

B. The financial asset has been transferred, and the transfer complies with the provisions for the de-recognition of financial assets.

2) Conditions for derecognition of financial liabilities

Financial liabilities (or part of it) is de-recognized when the present obligation is terminated.

An agreement is signed between the Company and the lender to replace the original financial liability with a new financial liability, and if the terms of the new financial liability are substantially different from the original financial liability, or if there are substantial modifications to the terms of the original financial liability (or a part of it), then the original financial liability is de-recognized and a new financial liability is recognized. The difference between the book value and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in the current profit or loss.

When the Company re-acquires part of financial liabilities, the book value of the entire financial liabilities is allocated based on the proportion of the fair value of the part that continues to be recognized and the part that is de-recognized on the re-acquisition date. The difference between the book value allocated to the de-recognized part and the consideration paid (including non-cash assets transferred or liabilities assumed) should be recognized in the current profit or loss.

4. Recognition basis and measurement method for the transfer of financial assets

When transferring financial assets, the Company assesses the extent to which it retains the risks and rewards of ownership of the financial assets and deals with the following situations accordingly:

(1) If almost all the risks and rewards of ownership of the financial asset are transferred, then the financial asset is de-recognized, and the rights and obligations arising from the transfer or retained are separately recognized as assets or liabilities.

(2) If substantially all the risks and rewards associated with the ownership of financial assets are retained, the financial asset continues to be recognized.

(3) If almost all risks and rewards in the ownership of financial assets are neither transferred nor retained (that is, other circumstances except (1) and (2) of this Article), the following circumstances shall be handled according to whether the control over the financial assets is retained:

A. If no control over the financial assets is retained, the financial assets shall be de-recognized, and the rights and obligations arising from or retained in the transfer shall be separately recognized as assets or liabilities.

B. If the control over the financial assets is retained, the relevant financial assets shall continue to be recognized according to the degree of its continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the extent to which the Company bears the risks or rewards of changes in the value of the transferred financial asset.

The principle of substance over form is adopted to determine whether the transfer of financial assets meets the above de-recognition conditions for financial assets. The Company divides the transfer of financial assets into overall transfer and partial transfer of financial assets.

If the entire transfer of financial assets meets the de-recognition conditions, the difference between the amounts of the following two items shall be included in the current profit and loss:

A. The book value of the transferred financial asset on the de-recognition date.

B. The consideration received for transferring financial assets, which is the sum of the amount corresponding to the part of the cumulative fair value changes originally recognized in other comprehensive income that is de-recognized (involving transferred financial assets measured at fair value with changes recognized in other comprehensive income).

If financial assets are partially transferred and the transferred part fully meets the de-recognition condition, the book value of the entire financial asset before the transfer is allocated between the de-recognized part and the continuing recognized part (in this case, the retained servicing asset is considered part of the continuing recognized financial asset) based on their relative fair values on the transfer date. The difference between the following two amounts is recognized in the current profit or loss:

A. The book value of the de-recognized part on the de-recognition date.

B. The sum of the consideration received for the de-recognized part and the amount corresponding to the part of the cumulative fair value changes originally recognized in other comprehensive income (involving transferred financial assets measured at fair value with changes recognized in other comprehensive income).

If the transfer of financial assets does not meet the de-recognition condition, the financial asset continues to be recognized, and the consideration received is recognized as financial liabilities.

5. Determination method for the fair value of financial assets and financial liabilities

For financial assets or liabilities with an active market, its fair value is determined by the quoted price in the active market, unless there is a restriction on the sale of the financial assets itself. For financial assets with restrictions on the sale of the assets itself, its fair value is determined by deducting the compensation amount required by market participants for bearing the risk of not being able to sell the financial asset in the open market during the specified period from the quoted price in the active market. Quoted prices in an active market include those that are readily and regularly obtainable from exchanges, dealers, brokers, industry groups, pricing services, or regulatory authorities, and can represent the actual and frequent market transactions on the basis of fair trade.

The fair value of initially acquired or derived financial assets or incurred financial liabilities is based on the transaction price in the market.

Financial assets or liabilities without an active market are valued using valuation techniques to determine their fair value. In valuation, the Company uses valuation techniques that are applicable under current circumstances and supported by sufficient available data and other information, selecting input values consistent with the characteristics of the assets or liabilities considered by market participants in transactions, and prioritizes the use of relevant observable input values wherever possible. In cases where relevant observable input values are not available or not feasible to obtain, unobservable input values are used.

6. Impairment of financial instruments

The Company measures impairment and recognizes loss allowances for financial assets measured at amortized cost, financial assets classified as measured at fair value through other comprehensive income, lease receivables, contract assets, loan commitments that are not measured at fair value through profit or loss, financial liabilities that are not measured at fair value through profit or loss, and financial guarantee contracts formed by the transfer of financial assets that do not meet the derecognition criteria or continue to be involved in the transferred financial assets, based on expected credit losses.

Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, that is, the present value of all cash shortages. For financial assets acquired or originated that have experienced credit impairment, they shall be discounted using the effective interest rate adjusted for credit.

For receivables, contract assets, and lease receivables arising from transactions regulated by the revenue standards, the company applies a simplified measurement approach, measuring loss allowances at an amount equal to the expected credit losses over the entire lifetime of the assets.

For acquired or originated financial assets that have experienced credit impairment, only the cumulative change in expected credit losses over the entire life from initial recognition is recognized as a provision for losses at each balance sheet date. At each balance sheet date, the change in expected credit losses over the entire life is recognized as an impairment loss or gain in the current profit or loss. Even if the expected credit losses determined at the balance sheet date for the entire life are less than the amount of expected credit losses reflected by the estimated cash flows at initial recognition, the favorable change in expected credit losses is recognized as an impairment gain.

Apart from the aforementioned simplified measurement method and acquired or originated financial assets that have experienced credit impairment, the Company assesses whether the credit risk of the relevant financial instruments has significantly increased since initial recognition at each balance sheet date, measures its loss provision, and recognizes expected credit losses and their changes according to the following situations:

A. If the credit risk of the financial instrument has not increased significantly since initial recognition and is in phase I, loss allowance is measured in the amount equal to the expected credit losses over the next 12 months, and interest income is calculated based on the book value and the effective interest rate.

B. If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, and is in phase II, loss allowance is measured in the amount equal to the expected credit losses over the entire lifetime of the financial instrument, and interest income is calculated based on the book value and the effective interest rate.

C. If the financial instrument has experienced credit impairment since initial recognition and is in phase III, the Company measures loss allowance in the amount equal to the expected credit losses over the entire lifetime of the financial instrument, and interest income is calculated based on the amortized cost and the effective interest rate.

Increases or reversals of credit loss allowance for financial instruments are recognized as impairment losses or gains in the current profit or loss. Except for financial assets classified at fair value through other comprehensive income, credit loss allowance reduces the book value of financial assets. For financial assets classified at fair value through other comprehensive income, the Company recognizes credit loss allowance in other comprehensive income, without reducing the book value of the financial asset presented in the balance sheet.

If the Company had previously measured loss allowance for a financial instrument in the amount equal to the expected credit losses over the entire lifetime of the financial instrument, but as of the current balance sheet date, the financial instrument no longer exhibits a significant increase in credit risk since initial recognition, the Company measures loss allowance at the current balance sheet date in the amount equal to the expected credit losses over the next 12 months. The resulting reversal of loss allowance is recognized as an impairment gain in the current profit or loss.

1) Significant increase in credit risk

The Company uses reasonable and supportable forward-looking information available to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default at the balance sheet date with the risk of default at the initial recognition date. For financial guarantee contracts, when applying the impairment requirements for financial instruments, the Company considers the date on which the Company becomes the party to the irrevocable commitment as the initial recognition date.

The Company considers the following factors when assessing whether there has been a significant increase in credit risk:

A. Whether there has been a significant change in the debtor's operational results, actual or expected;

B. Whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates;

C. Whether there has been a significant change in the value of collateral securing the debt or in the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic incentive to repay on time as per the contract, or affect the probability of default;

D. Whether there has been a significant change in the debtor's expected performance and repayment behavior;

E. Whether there has been a change in the Company's credit management methods for financial instruments, etc.

As of the balance sheet date, if the Company determines that a financial instrument has low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. If a financial instrument has low default risk, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a longer period, it does not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument is considered to have low credit risk.

2) Financial assets with credit impairment

When one or more events occur that are expected to have an adverse effect on the future cash flows of financial assets, the financial asset becomes one that has experienced credit impairment. Evidence of credit impairment for financial assets includes the following observable information:

A. The issuer or the debtor is experiencing significant financial difficulties;

B. The debtor has breached the contract, such as defaulting on interest or principal payments or being overdue;

C. The creditor, for economic or contractual considerations related to the debtor's financial difficulties, grants concessions to the debtor that would not be made under any other circumstances;

D. It is likely that the debtor will go bankrupt or undergo other financial restructuring;

E. The disappearance of an active market for the financial assets due to the issuer's or the debtor's financial difficulties;

F. Acquiring or originating financial assets at a significant discount, which reflects the occurrence of credit losses.

Credit impairment of financial assets may result from the combined effect of multiple events and may not necessarily be caused by individually identifiable events.

3) Determination of expected credit losses

The Company assesses the expected credit losses of financial instruments based on individual and Combination evaluations, taking into account reasonable and substantiated information regarding past events, current conditions, and forecasts of future economic conditions.

The Company classifies financial instruments into different combinations based on common credit risk characteristics. The common credit risk characteristics adopted by the Company include: type of financial instruments, aging combination, contract settlement cycle, industry of debtors, etc. For details on the individual assessment criteria and combination credit risk characteristics of the relevant financial instruments, refer to the accounting policies of the financial instruments.

The Company determines the expected credit losses of the relevant financial instruments using the following methods:

A. For financial assets, the credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows to be collected.

B. For lease receivables, the credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows to be collected.

C. For financial guarantee contracts, the credit loss is the expected payment to be made by the Company to compensate for the credit loss incurred by the holder of the contract, minus the present value of the difference between the amount the Company expects to collect from the holder of the contract, the debtor, or any other party.

D. For financial assets that have incurred credit impairment as of the balance sheet date but are not acquired or originated credit-impaired, the credit loss is the difference between the book value of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

The methods used by the Company to measure the expected credit losses of financial instruments reflect factors including: the unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; The time value of money. Information that can be obtained on the balance sheet date without the need for unnecessary additional costs or efforts, which is reasonable and substantiated, relating to past events, current conditions, and forecasts of future economic circumstances.

4) Write-down of financial assets

When the Company no longer has reasonable expectation that the cash flows from the financial asset contract can be fully or partially recovered, the book value of the financial asset is directly written down. This write-down constitutes the de-recognition of the related financial assets.

7. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other. However, if the following conditions are met, they are presented in the Balance Sheet as a net amount after offsetting:

A. The Company has a legally enforceable right to offset the recognized amounts, and this right is currently enforceable;

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

12. Notes receivable

The Company's determination method and accounting treatment method of expected credit loss of notes receivable are detailed in the Notes V.11.

The Company separately determines the credit loss of receivables with sufficient evidence that can assess the expected credit loss at a reasonable cost at the level of individual instrument.

When there is no sufficient evidence to evaluate the expected credit loss at a reasonable cost at the level of individual tools, the Company refers to the historical credit loss experience, combines the current situation and the judgment of future economic conditions, and divides the notes receivable into several combinations according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination. The basis for determining the combination is as follows:

Combination name	Basis for determining the combination	Provision method
Risk-free bank acceptance draft combination	The drawer has a high credit rating, and has no bill default in history, so the risk of credit loss is extremely low, and also has a strong ability to fulfill the obligation to pay the cash flow of the contract in a short period of time.	The provision for bad debts is measured with reference to the historical credit loss experience and in combination with the current situation and the expectation of future economic conditions.
Commercial acceptance draft combination	Accounts receivable with the same aging have similar credit risk characteristics	Provision is made based on the comparison table of aging and expected credit loss rate over the entire duration

13. Accounts receivable

The Company's determination method and accounting treatment method of expected credit loss of accounts receivable are detailed in the Notes V.11.

The Company separately determines the credit loss of accounts receivable with sufficient evidence that the expected credit loss can be assessed at a reasonable cost at the level of a single instrument.

When there is no sufficient evidence to evaluate the expected credit loss at a reasonable cost at the level of individual tools, the Company refers to the historical credit loss experience, combines the current situation and the judgment of future economic conditions, and divides the accounts receivable into several combinations according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination. The basis for determining the combination is as follows:

Combination name	Basis for determining the combination	Provision method
Combination of receivables of	Accounts receivable of related parties within the scope of consolidation have similar credit risk characteristics	The provision for bad debts is measured with reference to the

related parties within the scope of consolidation		historical credit loss experience and in combination with the current situation and the expectation of future economic conditions.
Combination of other customers' receivables	Accounts receivable with the same aging have similar credit risk characteristics	Provision is made based on the comparison table of aging and expected credit loss rate over the entire duration

14. Receivables financing

Not applicable

15. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

The Company's determination method and accounting treatment method of expected credit loss of other accounts receivable are detailed in the Notes V.11.

The Company individually determines the credit losses for other receivables that have sufficient evidence to assess expected credit losses at a reasonable cost on an individual instrument level.

When sufficient evidence to assess expected credit losses at a reasonable cost is not available on an individual instrument level, the Company refers to historical credit loss experience, combined with current conditions and judgments about future economic conditions, and classifies other receivables into several combinations to calculate expected credit losses on a combination basis. The basis for determining the combination is as follows:

Combination name	Basis for determining the combination	Provision method
Combination of margin and deposit receivables	According to the nature of business, margin and deposits have similar credit risk characteristics	Provision is made based on the comparison table of aging and expected credit loss rate over the entire duration
Combination of employee reserve receivable	According to the nature of business, employees' reserve receivables have similar credit risk characteristics	The provision for bad debts is measured with reference to the historical credit loss experience and in combination with the current situation and the expectation of future economic conditions.
Combination of social security advances receivable	According to the nature of business, social security advances have similar credit risk characteristics	The provision for bad debts is measured with reference to the historical credit loss experience and in combination with the current situation and the expectation of future economic conditions.
Combination of receivables of related parties within the scope of consolidation	Accounts receivable of related parties within the scope of consolidation have similar credit risk characteristics	The provision for bad debts is measured with reference to the historical credit loss experience and in combination with the current situation and the expectation of future economic conditions.
Combination of other financings	Accounts receivable with the same aging have similar credit risk characteristics	Provision is made based on the comparison table of aging and expected credit loss rate over the entire duration

16. Contract assets

The Company recognizes a right to consideration from the transfer of goods to customers as a contract asset when that right is conditional on factors other than the passage of time. The Company's unconditional rights to consideration from customers (i.e., solely time-based) are presented separately as receivables.

The Company's determination method and accounting treatment method of expected credit loss of contractual assets are detailed in the Notes V.11.

17. Inventories

1. Inventory categories, cost valuation methods for outgoing inventory, inventory system, and amortization methods for low-value consumables and packaging materials

(1) Classification of inventory

Inventory refers to the finished products or goods held for sale, products in production, and materials and materials consumed during the production process or service provision that the Company holds in its daily activities. It mainly includes raw materials, products in process, finished products (stock commodities), etc.

(2) Cost valuation methods for inventory

At acquisition, inventory is initially measured at cost, including purchasing cost, processing cost, and other costs. Raw materials and inventory items are issued using the weighted average method for valuation, except for branded watch inventory items, which are valued using the specific identification method.

(3) Inventory system

The inventory system is a perpetual inventory system.

(4) Amortization methods for low-value consumables and packaging materials

Low-value consumables are amortized using the one-time charge-off method;

Packaging materials are amortized using the one-time charge-off method;

2. Criteria and methods for recognizing and provisioning for inventory impairment

At the end of the period, after a comprehensive inventory check, inventory impairment provisions are made or adjusted based on the lower of cost or net realizable value. For finished goods, merchandise inventory, and materials for sale that are directly intended for sale in the normal course of business, their net realizable value is determined by the estimated selling price minus the estimated selling expenses and related taxes. For material inventory that requires processing, in the normal course of business, its net realizable value is determined by the estimated selling price of the produced finished goods minus the estimated costs to completion, estimated selling expenses, and related taxes. For inventory held to fulfill sales or service contracts, the net realizable value is calculated based on the contract price. If the quantity of inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated based on the general selling price.

At the end of the period, inventory impairment provisions are made for individual inventory items; However, for inventories that are numerous and have low unit prices, provisions for inventory impairment are made based on inventory categories. Inventory that is related to the product series produced and sold in the same region, with the same or similar final uses or purposes, and that is difficult to measure separately, shall be combined for the provision of inventory impairment.

If the factors that led to the inventory write-down have disappeared, the amount of the write-down is reversed and included in the current profit and loss within the amount of inventory impairment provision originally recognized.

The provision for inventory depreciation by combination is as follows:

Category	Determination basis of category	Determination basis of the net realizable value of the category
Combination of merchandise inventory years	New products launched by private brands in the current year	No provision for revaluation reserve

18. Assets held for sale

Not applicable

19. Debt investment

Not applicable

20. Other debt investment

Not applicable

21. Long-term receivables

Not applicable

22. Long-term equity investments

1. Determination of initial investment cost

A. Long-term equity investments formed through business combinations, see the Notes 6 for specific accounting policies on business combinations under common control and those not under common control.

B. Long-term equity investments acquired through other means

Long-term equity investments acquired by paying cash are measured at the actual acquisition price as the initial investment cost. Initial investment cost includes directly related expenses, taxes, and other necessary expenditures incurred in acquiring the long-term equity investment.

Long-term equity investments acquired by issuing equity securities are measured at the fair value of the issued securities as the initial investment cost; Transaction costs incurred in issuing or acquiring own equity instruments can be directly deducted from equity in equity transactions.

Under the premise that a non-monetary asset exchange has commercial substance and the fair value of the asset received or surrendered can be reliably measured, the initial investment cost of the long-term equity investment acquired in a non-monetary asset exchange is based on the fair value of the surrendered asset, unless there is conclusive evidence that the fair value of the received asset is more reliable; For non-monetary asset exchanges that do not meet the above premise, the initial investment cost of the long-term equity investment acquired is based on the book value of the surrendered asset and related taxes and fees payable.

Long-term equity investments obtained through debt restructuring are initially measured at cost based on fair value.

2. Subsequent measurement and recognition of profit or loss

A. Cost method

The Company accounts for long-term equity investments over which it has control using the cost method, measured at initial investment cost, with additional investments or withdrawals adjusting the cost of the long-term equity investment.

Apart from cash dividends or profits declared but not yet distributed included in the price or consideration paid at the time of investment, the Company recognizes cash dividends or profits distributed by the investee as current investment income.

B. Equity method

The Company uses the equity method to account for long-term equity investments in associates and joint ventures; For a portion of equity investments in associates held indirectly through venture capital organizations, mutual funds, trust companies, or similar entities including investment-linked insurance funds, fair value measurement is used and changes are recognized in profit or loss.

If the initial cost of a long-term equity investment is greater than the fair value share of the identifiable net assets of the investee at the time of investment, the initial investment cost is not adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference is recognized in the current profit or loss.

After acquiring long-term equity investments, the Company recognizes investment income and other comprehensive income based on its share of net gains or losses and other comprehensive income realized by the investee, and adjusts the book value of the long-term equity investment accordingly; it also calculates the share of profits or cash dividends declared by the investee and correspondingly reduces the book value of the long-term equity investment; For changes in the investee's equity other than net profits or losses, other comprehensive income, and profit distribution, the book value of long-term equity investment shall be adjusted and included in the owner's equity.

When recognizing the share of the net profit and loss of the investee, the Company adjusts and recognizes the net profit of the investee based on the fair value of the identifiable assets of the investee at the time of investment. Unrealized profits and losses of internal transactions between the Company and its associated enterprises and joint ventures shall be offset by the portion that belongs to the Company according to the due proportion, and the investment profits and losses shall be recognized on this basis.

When recognizing its share of losses incurred by the investee, the Company shall handle it in the following order: first, it offsets the book value of the long-term equity investment. Next, if the book value of the long-term equity investment is insufficient to offset the losses, the Company continues to recognize investment losses limited to the book value of other long-term equity interests that substantially constitute a net investment in the investee, offsetting the book value of long-term receivables and other items. Finally, after the above actions, if the Company still has additional obligations as stipulated by the investment contract or agreement, it recognizes a provision for liabilities based on the expected obligation and includes it in the current investment losses.

If the investee realizes profits in subsequent periods, the Company reverses the process described above after deducting the share of unrecognized losses. It reduces the book value of recognized provisions for liabilities, restores other long-term equity interests and the book value of long-term equity investments that substantially constitute a net investment in the investee, and then resumes recognizing investment income.

3. Conversion of accounting methods for long-term equity investments

1) Fair value measurement to equity method accounting

For equity investments in investees over which the Company originally had no control, joint control, or significant influence and which were accounted for in accordance with financial instruments recognition and measurement guidelines, if additional investments enable the Company to exert significant influence or joint control without constituting control, the fair value of the original equity investment determined by the Accounting Standards for

Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments plus the cost of the additional investment, shall be the initial investment cost under the equity method.

If the initial investment cost under the equity method is less than the difference between the fair value share of the identifiable net assets of the investee on the date of the additional investment, calculated based on the new shareholding scale post-investment, the book value of the long-term equity investment is adjusted, and the difference is recognized in current non-operating income.

2) Fair value measurement or equity method accounting to cost method accounting

For equity investments in investees over which the Company originally had no control, joint control, or significant influence and which were accounted for in accordance with financial instruments recognition and measurement guidelines, or for long-term equity investments in associates and joint ventures, if additional investments lead to control over the investee not under common control, in preparing individual financial statements, the book value of the original equity investment plus the cost of the additional investment, shall be the initial investment cost under the cost method.

Other comprehensive income recognized from equity investments accounted for by the equity method before the acquisition date is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee.

For equity investments held before the acquisition date that were accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the cumulative fair value changes previously recognized in other comprehensive income shall be reclassified to current profit or loss under the cost method.

3) Equity method accounting to fair value measurement

If the Company loses joint control or significant influence over the investee due to partial divestment of equity investments, the remaining equity investments after the disposal shall be subject to accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the book value on the date of losing joint control or significant influence shall be recognized in current profit or loss.

For original equity investments that recognized other comprehensive income under the equity method, other comprehensive income shall be subject to accounting treatment on the same basis as if the investee had directly disposed of the related assets or liabilities not under the equity method.

4) Cost method to equity method

If the Company loses the control over the investee due to disposal of part of equity investments or other reasons, in the preparation of individual financial statements, the remaining equity after disposal that can exercise joint control or significant influence over the investee shall be subject to accounting treatment under the equity method, and the remaining equity shall be deemed to have been adjusted under the equity method since acquisition.

5) Cost method to fair value measurement

If the Company loses the control over the investee due to disposal of part of equity investments and other reasons, in the preparation of individual financial statements, the remaining equity after disposal that cannot exercise joint control or exert significant influence on the investee shall be subject to accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the book value on the date when the control is lost shall be included in the current profit and loss.

4. Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the actual price shall be included in the current profit and loss. For long-term equity investments accounted for under the equity method, when disposing of the investment, the part originally included in other comprehensive income shall be subject to accounting treatment according to the corresponding scale on the same basis as the investee directly disposes of the relevant assets or liabilities.

If the terms, conditions and economic impact of the transactions related to the disposal of the equity investment in subsidiaries meet one or more of the following circumstances, multiple transactions will be taken as a package transaction for accounting treatment:

A. These transactions are concluded at the same time or under the consideration of mutual influence;

B. These transactions collectively achieve a complete commercial result;

C. The occurrence of one transaction depends on the occurrence of at least one other transaction;

D. A transaction is uneconomical on its own, but economical when considered together with other transactions.

Where the control over the original subsidiaries is lost due to disposal of part of equity investments or other reasons, and it does not belong to a package transaction, relevant accounting treatment shall be made by distinguishing individual financial statements from consolidated financial statements:

1) In the individual financial statements, for the disposal of equity, the difference between the book value and the actual acquisition price shall be included in the current profit and loss. If the remaining equity after disposal can exercise joint control or significant influence on the investee, it shall be subject to accounting treatment under the equity method, and the remaining equity shall be adjusted as if it had been accounted for under the equity method since acquisition; If the remaining equity after disposal cannot exercise joint control or significant influence on the investee, it shall be subject to accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the book value on the date when the control is lost shall be included in the current profit and loss.

2) In the consolidated financial statements, for various transactions before the loss of control over the subsidiaries, the capital reserves (stock premium) are adjusted according to the difference between the disposal price and the share of net assets of the subsidiaries continuously calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investment. If the capital reserves are insufficient, the retained earnings shall be adjusted; When the control over subsidiaries is lost, the remaining equity shall be re-measured at its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, less the share of the net assets of the original subsidiary calculated continuously from the acquisition date according to the original shareholding ratio, is included in the investment income in the period of losing control, and the goodwill is also written down. Other comprehensive income related to equity investments in the original subsidiary shall be converted into current investment profits at the loss of control.

If the transactions of disposal of equity investments in subsidiaries until the loss of control belong to a package transaction, the transactions shall be accounted for as a transaction of disposal of equity investment in subsidiaries and loss of control, and the relevant accounting treatment shall be carried out by distinguishing individual financial statements and consolidated financial statements:

1) In individual financial statements, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity before the loss of control is recognized as other comprehensive income, and transferred to the current profit or loss at the loss of control.

2) In the consolidated financial statements, the difference between each disposal price and the share of net assets of the subsidiary corresponding to each disposal of investment before the loss of control is recognized as other comprehensive income, which is converted to the current profit or loss at the loss of control.

5. Judgment criteria for common control and significant influence

If the Company collectively controls an arrangement according to the relevant agreement with other participants, and decisions on activities that significantly affect the returns of the arrangement require unanimous consent from the participants sharing control, then the Company is considered to jointly control the arrangement with other participants, which constitutes a joint venture.

When a joint venture is established through a separate entity, the Company's rights over the net assets of the separate entity are determined according to the relevant agreement. The separate entity is then accounted for as a joint venture using the equity method. If, according to the relevant agreement, the Company is not deemed to have rights over the net assets of the separate entity, the entity is considered as joint operation. The Company recognizes items related to its share of the joint operation's profits and accounts for them in accordance with the relevant accounting standards.

Significant influence refers to the power to participate in decision-making over the financial and operating policies of the investee, without having control or joint control over the formulation of those policies. The Company assesses whether it has significant influence over the investee by considering all facts and circumstances and through one or more of the following situations: (1) having representation on the board of directors or similar governing body of the investee; (2) participating in the process of setting financial and operating policies of the investee; (3) engaging in significant transactions with the investee; (4) appointing managerial personnel to the investee; (5) providing essential technical information to the investee.

23. Investment properties

Measurement model of investment property
Measured under cost method

Depreciation or amortization method

Investment properties refer to real estate held for earning rental income or capital appreciation, or both, including leased land use rights, land use rights held for appreciation and subsequent transfer, and leased buildings. Furthermore, for vacant buildings held by the Company for operational leasing, if the Board of Directors issues a written resolution explicitly stating the intent to use them for operational leasing and that the holding intention will not change in the short term, they are also reported as investment properties.

The Company's investment properties are recorded at cost as their entry value, which for externally acquired investment properties includes the acquisition price, related taxes and fees, and other expenditures that can be directly attributed to the asset. The cost of self-constructed investment properties consists of necessary expenditures incurred before the asset reaches its intended usable state.

The Company uses the cost model for subsequent measurement of investment properties, providing depreciation or amortization for buildings and land use rights based on their expected service lives and net residual value rates. The expected service lives, net residual value rates, and annual depreciation (amortization) rates of investment properties are listed as follows:

Category	Expected service life (years)	Expected net residual value rate (%)	Annual depreciation (amortization) rate (%)
Houses and buildings	20-35	5.00	2.71-4.85

When the use of investment property is changed to owner-occupied, from the date of change, the Company reclassifies the investment property as fixed assets or intangible assets. When the use of owner-occupied property is changed to earn rental income or capital appreciation, from the date of change, the Company reclassifies fixed assets or intangible assets as investment property. At the time of conversion, the book value before conversion is used as the recorded value after conversion.

When investment property is disposed of, or permanently withdrawn from use and no economic benefits are expected from its disposal, the recognition of such investment property is ceased. The income from the sale, transfer, scrapping, or destruction of investment property, after deducting its book value and related taxes, is recognized in the current profit or loss.

24. Fixed assets

(1) Recognition conditions

Fixed assets refer to tangible assets held for the production of goods, provision of services, leasing, or administrative purposes, and have a service life exceeding one accounting year. Fixed assets are recognized when they meet the following conditions:

1) It is probable that the economic benefits associated with the fixed asset will flow into the enterprise;

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

(2) Depreciation methods

Category	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-35	5	2.71-4.85
Machinery equipment	Straight-line method	10	5.00-10.00	9.50-9.00
Electronic equipment	Straight-line method	5	5	19
Transport equipment	Straight-line method	5	5	19
Other equipment	Straight-line method	5	5	19

1. Depreciation of fixed assets

The depreciation of fixed assets is accrued over their expected service lives based on their book-entry values minus their expected net residual values. For fixed assets with provision for impairment, the depreciation amount will be determined in the future according to the book value after deducting the impairment provision and the service life; Fixed assets that have been fully depreciated and are still in use shall not be depreciated.

The Company determines the useful life and estimated net residual value of the fixed assets according to their nature and usage. At the end of each fiscal year, the Company reviews the useful life, estimated net residual value, and depreciation method of fixed assets, and makes corresponding adjustments if there are differences from the original estimates.

2. Subsequent expenditures on fixed assets

Subsequent expenditures related to fixed assets that meet the recognition criteria for fixed assets are included in the cost of fixed assets; Those that do not meet the recognition criteria for fixed assets are included in the current profits and losses when incurred.

3. Disposal of fixed assets

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The net amount of disposal income from fixed assets through sale, transfer, scrapping, or damage, after deducting their book value and related taxes, is recognized in the current profits and losses.

25. Construction in progress

1. Initial measurement of construction in progress

The Company values self-constructed construction in progress at actual cost. Actual costs comprise necessary expenditures incurred to bring the asset to the intended usable state, including material costs, labor costs, related taxes, capitalized borrowing costs, and apportioned indirect costs.

2. Standard and timing for transferring of construction in progress to fixed assets

The total expenses incurred before the construction in progress asset is ready for its intended use are recorded as the entry value of the fixed asset. Construction in progress is transferred to fixed assets at the total expenditure incurred before the asset reaches its intended usable state. If the project is usable but final settlement has not been completed, it is transferred based on estimated value and depreciated according to the Company's depreciation policy. Adjustments are made to the estimated value upon final settlement, but previously recognized depreciation is not adjusted.

26. Borrowing costs

1. Recognition principle of capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, such costs shall be capitalized; And other borrowing costs shall be recognized as expenses and included in current profits and losses when incurred.

Qualifying capitalized assets are those that require a substantial period to get ready for their intended use or sale, including fixed assets, investment properties, and inventories.

Borrowing costs begin to be capitalized when the following conditions are met:

(1) Expenditures for the asset have been incurred, including cash payments, transfers of non-cash assets, or incurring interest-bearing debt for the acquisition and construction or production of the asset;

(2) Borrowing costs have been incurred;

(3) Acquisition and construction or production activities necessary to bring the asset to its intended use or sale have commenced.

2. Capitalization period of borrowing costs

The capitalization period spans from when borrowing costs begin to be capitalized until they cease, excluding any periods when capitalization is suspended.

The borrowing costs shall stop being capitalized when acquired and constructed or produced assets eligible for capitalization are available for use or sale.

If parts of an asset being acquired and constructed or produced are completed and can be used independently, capitalization of borrowing costs for those parts ceases.

When various parts of an asset are completed separately but the asset can only be used or sold as a whole upon total completion, capitalization of borrowing costs ceases when the entire asset is finished.

3. Suspension of capitalization period

Where the acquisition and construction or production of assets eligible for capitalization is interrupted abnormally and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended; If the interruption is a necessary procedure for the asset to be ready for use or sale, the capitalization of borrowing costs continues. Borrowing costs incurred during the interruption are recognized as current profits and losses , until the acquisition and construction or production activities resume and the capitalization of borrowing costs continues.

4. Calculation method of capitalized amount of borrowing costs

Interest expenses on specific borrowings (after deducting interest income earned from unused borrowings deposited in the bank or investment returns from temporary investments) and related ancillary costs are capitalized until the qualifying asset is ready for its intended use or sale.

The interest amount of general borrowings to be capitalized is calculated based on the weighted average of the asset expenditures exceeding the specific borrowings, multiplied by the simple average at end of the period, and the capitalization rate of the general borrowings occupied. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

For borrowings issued at a discount or premium, the amount of discount or premium amortized in each accounting period is determined using the effective interest method, adjusting the interest amount for each period.

27. Biological assets

Not applicable

28. Oil and gas assets

Not applicable

29. Intangible assets

(1) Service life and its determination basis, estimation, amortization method or review procedure

Intangible assets refer to identifiable non-monetary assets without physical substance that the Company owns or controls, including land use rights, software systems and trademark use rights.

1) Initial measurement of intangible assets

The cost of externally acquired intangible assets includes the purchase price, related taxes and fees, and other expenses directly attributable to preparing the asset for its intended use. If the payment for intangible assets exceeds normal credit terms and essentially represents financing, the cost of the intangible assets is determined based on the present value of the purchase price.

Intangible assets acquired through debt restructuring to settle debts are measured at their fair value upon recognition, and any difference between the book value of the restructured debt and the fair value of the intangible assets is recognized in the current profit or loss.

In a non-monetary asset exchange that has commercial substance and where the fair value of the assets received or surrendered can be reliably measured, the cost of the intangible assets acquired is based on the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the acquired assets is more reliable; For non-monetary asset exchanges that do not meet the above conditions, the cost of the intangible assets acquired is based on the book value of the assets surrendered and the related taxes and fees paid, without recognizing any profit or loss.

Intangible assets acquired through business combination under common control are measured at the book value of the merged party; For mergers not under common control, intangible assets are recognized at fair value.

Intangible assets developed internally include costs for materials used, labor, registration fees, amortization of other patents and licenses used during development, interest expenses that meet capitalization criteria, and other direct expenses incurred before the intangible assets are ready for their intended use.

2) Subsequent measurement of intangible assets

The Company classifies intangible assets as having either finite or indefinite useful lives upon acquisition.

Intangible assets with limited useful life

Intangible assets with a finite useful life are amortized on a straight-line basis over their beneficial periods. The estimated useful life and basis for intangible assets with a finite useful life are as follows:

Item	Estimated service life	Basis
Land use rights	50	Straight-line method
Software system	5	Straight-line method
Right to use trademark	5-10	Straight-line method

At the end of each period, the useful life and amortization method of intangible assets with a finite useful life are reviewed. If there are differences from the original estimates, adjustments are made accordingly.

Upon review, there were no changes in the estimated useful life and amortization method of intangible assets at the end of the current period.

(2) Collection scope of R&D expenses and related accounting treatment methods

1) Specific standards for classifying the research stage and development stage of the Company's internal research and development projects

Research stage: This stage involves original and planned investigation activities undertaken to acquire and understand new scientific or technical knowledge.

Development stage: This stage involves applying research findings or other knowledge to a plan or design for producing new or substantially improved materials, devices, products, etc., before commercial production or use.

Expenditures during the research stage of internal research and development projects are recognized as an expense in the current profits and losses when incurred.

2). Specific criteria for capitalizing expenditures during the development stage

Expenditures during the development stage of internal research and development projects are recognized as intangible assets when the following conditions are met:

A. Complete such intangible asset to make it usable or salable with technical feasibility;

B. Intention of completing such intangible asset for use or sale;

C. The ways in which intangible assets generate economic benefits include being able to demonstrate that products produced using the intangible assets have a market, or that the intangible assets themselves have a market. If the intangible assets are intended for internal use, their utility must be proven;

D. There is sufficient support from technical, financial resources and other resources, to complete development of such intangible assets, and the ability of using or selling such intangible assets;

E. The expenditures attributable to development stage of such intangible assets shall be measured reliably.

Expenditures in the development stage that do not meet the above conditions shall be included in the current profits and losses when incurred. Development expenditures recognized in profits and losses in prior periods shall not be subsequently reclassified as assets. Capitalized development phase expenditures are presented as development expenditures on the balance sheet and are reclassified as intangible assets from the date the project is ready for its intended use.

30. Long-term assets impairment

The Company assesses whether there are any indications that long-term assets may be impaired as of the balance sheet date. If indications of impairment exist in long-term assets, their recoverable amount is estimated based on individual assets; 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.

The estimate of the recoverable amount of an asset is based on the higher of its fair value less costs to sell and the present value of the expected future cash flows.

If the estimated recoverable amount of a long-term asset is lower than its carrying amount, the carrying amount of the long-term asset is written down to its recoverable amount. The impairment loss is recognized in current profits and losses and an impairment provision is made accordingly. Once recognized, impairment losses for assets shall not be reversed in subsequent accounting periods.

After the recognition of an impairment loss, the depreciation or amortization expense of the impaired asset is adjusted in future periods to systematically allocate the asset's adjusted carrying amount (less the expected net residual value) over its remaining useful life.

Goodwill arising from business combinations and intangible assets with indefinite useful lives are tested for impairment annually, regardless of whether there are any indications of impairment.

When testing for impairment of goodwill, the carrying amount of goodwill is allocated to the asset groups or combinations that are expected to benefit from the synergies of the business combination. When testing for impairment of asset groups or combinations that include goodwill, if there are indications of impairment for the asset groups or combinations related to goodwill, the asset groups or combinations that do not include goodwill are tested for impairment first. The recoverable amount is calculated and compared with the related carrying amount to recognize the corresponding impairment loss. Then, the asset groups or combinations that include goodwill are tested for impairment, comparing the carrying amount of these related asset groups or combinations (including the allocated portion of the carrying amount of goodwill) with their recoverable amount. If the recoverable amount of the related asset groups or combinations is lower than their carrying amount, the impairment loss of goodwill is recognized.

31. Long-term deferred expenses

1. Amortization method

Long-term deferred expenses refer to expenses that have been incurred by the Company but are to be borne by the current and subsequent periods, with an amortization period of more than 1 year. Long-term deferred expenses are amortized on a straight-line basis over the benefit period.

2. Amortization period

Category	Amortization period
Counter production fee	2-3
Decoration fee	3-5
Other	2-3

32. Contract liabilities

Contract liabilities are the obligations for which the company has received or is entitled to receive consideration from customers for the transfer of goods.

33. Employee compensation

(1) Accounting treatment methods for short-term compensation

Short-term compensation is employee compensation that is expected to be fully paid within twelve months after the end of the annual reporting period in which employees provide related services, excluding post-employment and termination benefits. During the accounting period when services are provided by employees, the company recognizes payable short-term compensation as liabilities and includes them in the cost of related assets and expenses based on the beneficiaries of the services provided.

(2) Accounting treatment method for post employment benefits

Post-employment benefits are various forms of remuneration and benefits provided to employees after they retire or terminate their employment with the company, excluding short-term compensation and termination benefits.

The company's post-employment benefit plans are classified into defined contribution plans.

Post-employment defined contribution plans mainly consist of participation in social basic pension insurance, unemployment insurance, etc., organized and implemented by local labor and social security institutions. During the accounting period in which employees provide services, the company recognizes the contributions payable under defined contribution plans as a liability and includes them in the current profits and losses or the cost of related assets.

After the Company makes the above payments on a regular basis in accordance with the standards stipulated by the state and the annuity plan, it will have no other payment obligations.

(3) Accounting treatment method for dismissal benefits

Termination benefits are compensations paid to employees as a result of the company's decision to terminate their employment before the contractual retirement date or to encourage voluntary resignation. The liability for termination benefits is recognized when the company cannot unilaterally withdraw the plan to terminate employment or the proposal to encourage voluntary resignation, whichever is earlier. The liability is included in the current profits and losses.

The company provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to wages paid to employees who have not reached the statutory retirement age and have voluntarily left their positions with the approval of the company's management, as well as social insurance contributions paid on their behalf. From the start date of the internal retirement arrangement until the employee reaches the normal retirement age, the company pays early retirement benefits to the early retired employees. For early retirement benefits, the company accounts for them in the same way as severance benefits. When the conditions for recognizing severance benefits are met, the wages and social insurance contributions intended to be paid from the date the employee ceases to provide services until the normal retirement date are recognized as liabilities and charged to current profits and losses in a lump sum. Differences arising from changes in actuarial assumptions and adjustments to benefit standards for early retirement benefits are recognized in current profits and losses when occurred.

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

Other long-term employee benefits refer to all employee benefits other than short-term salaries, post-employment benefits and dismissal benefits.

For other long-term employee benefits meeting the conditions of defined contribution plans, the company recognizes the contributions payable as a liability during the accounting period in which employees render services and includes them in the current profits and losses or the cost of related assets. For other long-term employee benefits not meeting these conditions, an independent actuary uses the projected unit credit method at each balance sheet date to calculate the benefit obligations attributable to the period in which employees provide services, and these are included in the current profits and losses or the cost of related assets.

34. Estimated liabilities

1. Recognition criteria for estimated liabilities

In case that an obligation connected to contingencies meets all of the following conditions, the Company recognizes the obligation as a provision:

The obligation is a present obligation of the Company;

The fulfillment of the obligation is likely to result in an outflow of economic benefits;

The amount of the obligation can be measured reliably.

2. Measurement of estimated liabilities

The company measures its provisions based on the best estimate of the expenditures required to settle the present obligations.

When determining the best estimate, the company comprehensively considers factors related to contingent items such as risk, uncertainty, and the time value of money. For significant impacts of the time value of money, the best estimate is determined by discounting the related future cash outflows.

The best estimate is treated as follows:

If the required expenditure falls within a continuous range (or interval) with equal likelihood of various outcomes, the best estimate is determined by the average of the range's upper and lower limits.

If there is no continuous range (or interval) for the required expenditure, or the likelihood of various outcomes within the range is not equal, such as in the case of contingent items involving a single project, the best estimate is determined by the most likely amount. If the contingent items involve multiple projects, the best estimate is calculated based on the various possible outcomes and their associated probabilities.

If the company expects to be reimbursed by a third party for all or part of the expenditure required to settle a provision, the reimbursement amount is recognized as an asset when it is virtually certain to be received, and the recognized amount does not exceed the carrying amount of the provision.

35. Share-based payment

1. Types of share-based payments

The company's share-based payments are categorized into equity-settled and cash-settled.

2. Determination method for the fair value of equity instruments

For granted options and other equity instruments with an active market, their fair value is determined based on quoted prices in the active market. For granted options and other equity instruments without an active market, their fair value is estimated using option pricing models, which consider the following factors: (1) the exercise price of the option; (2) The option's term; (3) The current price of the underlying stock; (4) The expected volatility of the stock price; (5) The expected dividends of the shares; (6) The risk-free interest rate during the option's term.

When determining the fair value of equity instruments on the grant date, the impact of market and non-vesting conditions as stipulated in the share-based payment agreement is considered. For share-based payments with non-vesting conditions, as long as the employee or other party meets all non-market conditions among the vesting conditions (such as service period), the cost corresponding to the services received is recognized.

3. Basis for the best estimate of vesting equity instruments

On each balance sheet date within the waiting period, the best estimate of the number of equity instruments expected to vest is revised based on subsequent information such as changes in the number of employees eligible for vesting. On the vesting date, the final expected number of equity instruments to vest matches the actual number vested.

4. Accounting treatment

For equity-settled share-based payments, they are measured at the fair value of the equity instruments granted to employees. If immediately exercisable upon grant, they are recognized in related costs or expenses at the grant date's fair value, with a corresponding increase in capital reserve. If exercisable only after completing the service or achieving performance conditions within the vesting period, each balance sheet date during the vesting period will reflect the best estimate of the number of vestable equity instruments. The fair value on the grant date is used to allocate the service costs obtained in the current period into related costs or expenses and capital reserve. Post-vesting date, no adjustments are made to the recognized costs or expenses and total equity.

For cash-settled share-based payments, they are measured at the fair value of the liabilities calculated based on the Company's shares or other equity instruments. If immediately exercisable upon grant, they are recognized in related costs or expenses at the fair value of the liabilities assumed at the grant date, with a corresponding increase in liabilities. If exercisable only after completing the service or achieving performance conditions within the vesting period, each balance sheet date during the vesting period will reflect the best estimate of the exercisable situation. The fair value of the liabilities assumed is used to allocate the service costs obtained in the current period into costs or expenses and corresponding liabilities. On each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

If the granted equity instruments are cancelled within the vesting period, the Company treats the cancellation as accelerated vesting, recognizing the remaining amount to be recognized in the vesting period immediately in current profits and losses, and simultaneously increasing capital reserves. If employees or other parties have the option to meet non-vesting conditions but fail to meet them within the vesting period, the Company treats it as a cancellation of the granted equity instruments.

36. Other financial instruments like preferred shares and perpetual bonds

Not applicable

37. Revenue

Disclosure of accounting policies adopted for recognition and measurement of revenue by business type

The Company's revenue mainly comes from the following business types:

(1) Watch sales business

(2) Precision manufacturing business

(3) Property leasing business

1. General principles of revenue recognition

Revenue is recognized at the transaction price allocated to the performance obligation when the Company fulfills its performance obligations under a contract by transferring control of goods or services to the customer.

Performance obligation refers to the commitment in the contract that the Company can transfer to the customer the goods or services that can be clearly distinguished.

Control over the relevant goods is transferred when the customer can direct the use of and obtain substantially all the remaining benefits from the goods or services.

On the contract commencement date, the Company assesses the contract to identify each distinct performance obligation and determines whether each obligation is satisfied over time or at a point in time. If one of the following conditions is met, it is considered that the performance obligation is fulfilled over a period of time, and the Company recognizes revenue based on the progress of performance over time: (1) The customer simultaneously receives and consumes the economic benefits as the company performs; (2) The customer controls the goods in progress as the company performs; (3) The goods produced by the company's performance have no alternative use, and the company has the right to payment for the performance completed to date throughout the contract period. Otherwise, the Company recognizes revenue at the point in time when the customer obtains control of the relevant goods or services.

For performance obligations fulfilled over a period of time, the Company determines the appropriate progress of performance based on the nature of goods and services using the input method. The output method determines the progress of performance based on the value of goods transferred to the customer (the input method determines the progress of performance based on the company's inputs to fulfill the performance obligation). Where the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, revenue shall be recognized according to the amount of costs incurred until the progress of performance can be reasonably determined.

2. Specific methods of revenue recognition

The company has three main business segments: watch sales, precision manufacturing, and property leasing. According to the Company's own business model and settlement method, the specific methods for recognizing sales revenue of various businesses are disclosed as follows:

(1) Watch sales business

The Company's watch sales business is a performance obligation performed at a certain point in time.

①Online sales

Revenue is recognized when the products are delivered, signed for by the customer, and payment has been received by the platform.

②Offline sales

Revenue is recognized when the product is delivered to the customer and accepted by the customer, the price has been received or the right to receive the payment has been obtained, and the relevant economic benefits are likely to flow in.

③Commissioned sales

Under the commissioned sales model, the Company recognizes revenue when it receives the sales list from the commissioned seller and confirms that the control over the goods has been transferred to the purchaser.

④Consignment-in

Under the consignment-in model, when the Company delivers the external consignment products to the customer and confirms that the control of the goods has been transferred to the buyer, the revenue is recognized by net method.

(2) Precision manufacturing business

The Company's precision manufacturing and sales business fulfills the performance obligations at a point in time. Domestic sales revenue is recognized when the company delivers the product to the contractually agreed delivery location, the products are accepted by the customer, payment has been received or the right to receive payment has been obtained, and the related economic benefits are likely to flow in. Export sales revenue is recognized when the company has declared the products for export according to the contract, obtained the Bill of Lading, received the payment or obtained the right to receive payment, and the related economic benefits are likely to flow in.

(3) Property leasing business

For details of specific accounting policies, please refer to Note V.41 Accounting treatment of the Company as a lessor.

3. Revenue treatment principles for specific transactions

(1) Contracts with sales return clauses

Revenue is recognized at the amount expected to be entitled from the transfer of goods to the customer when the customer obtains control of the relevant goods (i.e., excluding the amount expected to be refunded due to sales returns). A liability is recognized for the amount expected to be refunded due to sales returns.

The carrying amount of goods expected to be returned, less the estimated costs to recover such goods (including any impairment of the returned goods), is accounted for under the item "refund assets."

(2) Contracts with quality assurance clauses

Evaluate whether the quality assurance provides a separate service in addition to assuring the customer that the goods sold meet the established standards. If the Company provides additional services, it shall be treated as a single performance obligation and subject to accounting treatment in accordance with the provisions of the revenue standards; Otherwise, the quality assurance responsibility shall be subject to accounting treatment in accordance with the provisions of the accounting standards for contingencies.

Different revenue recognition and measurement methods involved in different business models adopted by the same type of business

Not applicable

38. Contract costs

1. Contract performance costs

The costs incurred by the company for the performance of a contract, which do not fall within the scope of other accounting standards outside of revenue standards and meet the following conditions, are recognized as an asset:

(1) The costs are directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly borne by the customer, and other costs incurred solely due to the contract;

(2) The costs that increase the resources of the enterprise for future performance obligations;

(3) The costs that are expected to be recoverable.

These assets are classified as inventory or other non-current assets based on whether their amortization period exceeds a normal operating cycle from the time of initial recognition.

2. Contract acquisition costs

The incremental costs incurred by the company to obtain a contract that are expected to be recoverable are recognized as an asset. Incremental costs refer to costs that would not have been incurred if the contract had not been obtained, such as sales commissions. For amortization periods not exceeding one year, these costs are recognized in the current profits and losses upon occurrence.

3. Amortization of contract costs

Assets related to contract costs are amortized on the same basis as the revenue recognition for the associated goods or services. They are amortized at the point in time or according to the progress of the performance obligations, and recognized in the current profits and losses.

4. Impairment of Contract Costs

For assets related to contract costs, if the carrying amount exceeds the difference between the expected consideration receivable from transferring the goods related to the asset and the estimated costs to transfer those goods, an impairment provision should be recognized for the excess and recorded as an asset impairment loss.

After the impairment loss is provided for, if there is a change in the factors that caused the impairment in previous periods, resulting in the above difference exceeding the carrying amount of the asset, the previously provided impairment loss is reversed and recognized in the current profits and losses. However, the carrying amount of the asset after reversal should not exceed the carrying amount on the reversal date assuming no impairment loss had been provided.

39. Government subsidies

1. Type

Government grants are monetary and non-monetary assets obtained by the company from the government without compensation. Based on the beneficiary specified in the relevant government documents, government grants are classified into asset-related and income-related government grants.

Government subsidies related to assets refer to government subsidies obtained by the Company for the purchase, construction, or other forms of long-term assets of government subsidies. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

2. Recognition of government subsidies

Government grants are recognized at the receivable amount at the end of the period if there is evidence that the company meets the relevant conditions of the financial support policy and expects to receive the financial support funds. Otherwise, government grants are recognized when actually received.

Government grants in the form of monetary assets are measured at the amount received or receivable. Non-monetary government grants are measured at fair value; If fair value cannot be reliably determined, they are measured at the nominal amount (RMB1). Government grants measured at a nominal amount are directly included in the current profits and losses.

3. Accounting treatment method

Based on the economic substance of the transactions, the Company determines whether to use the gross method or net method for accounting treatment of a certain type of government grant transaction. Usually, the Company uses only one method for similar or related government grant transactions and consistently applies that method to the transactions.

For asset-related government grants, the grants are either deducted from the carrying amount of the related asset or recognized as deferred income. Asset-related government grants recognized as deferred income are systematically recognized in profits and losses over the useful life of the constructed or purchased asset using a reasonable and systematic method.

For income-related government grants, those used to compensate for related expenses or losses incurred by the company in subsequent periods are recognized as deferred income and included in profit or loss or deducted from related costs in the period when the related expenses or losses are recognized; Those used to compensate for related expenses or losses already incurred by the company are directly included in profit or loss or deducted from related costs when received.

Government grants related to the entity's routine activities are recognized as other income or deducted from related cost expenses; Government grants not related to the entity's routine activities are recognized as non-operating income and expenses.

Government grants received for interest subsidies on policy-based preferential loans are used to offset related borrowing costs; For policy-based preferential interest rate loans provided by lending banks, the actual loan amount received is taken as the borrowing's book value, and the relevant borrowing costs are calculated based on the loan principal and the policy-based preferential interest rate.

When previously recognized government grants need to be returned, if they were initially deducted from the carrying amount of related assets, the asset carrying amount shall be adjusted; If there is a balance of related deferred income, the balance of deferred income is reduced, and the excess is included in the current profits and losses; If there is no related deferred income, the amount is directly included in the current profits and losses.

40. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are recognized based on the differences between the tax bases of assets and liabilities and their carrying amounts (temporary differences). On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured according to the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be paid off.

1. Recognition basis of deferred tax assets

Deferred tax assets arising from deductible temporary differences that are recognized to the extent that taxable income will be probable to be available against the deductible temporary difference, deductible losses and tax credits that can be carried forward to subsequent periods. However, the deferred tax assets arising from the initial recognition of assets or liabilities in a transaction with the following characteristics at the same time shall not be recognized: (1) The transaction is not a business combination; (2) The transaction affects neither the accounting profit nor the taxable income or deductible loss.

For deductible temporary differences related to investments in associates, the corresponding deferred tax assets are recognized when all the following conditions are met: the temporary difference may be reversed in the foreseeable future, and taxable income will be available against which the deductible temporary differences can be used.

2. Recognition basis of deferred income tax liabilities

The company recognizes the taxable temporary differences payable but not paid in the current period and prior periods as deferred income tax liabilities. But excluding:

(1) Temporary differences arising from the initial recognition of goodwill;

(2) Transactions or events that are not formed by business combination, and the occurrence of such transactions or events affects neither the accounting profit nor the temporary differences formed by the taxable income (or deductible losses);

(3) For taxable temporary differences related to investments in subsidiaries and associates, the time of their reversal can be controlled and they are not likely to be reversed in the foreseeable future.

3. Deferred tax assets and liabilities are presented as a net amount when the following conditions are met simultaneously:

(1) The enterprise has the legal right to offset current tax assets against current tax liabilities on a net basis;

(2) The deferred tax assets and liabilities are related to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities, and for each significant period in which the deferred tax assets and liabilities reverse, the involved taxable entities intend to settle current tax assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

41. Leasing

(1) Accounting treatment method of leasing as a lessee

At the commencement date of the lease, except for short-term leases and leases of low-value assets subject to simplified treatment, the company recognizes right-of-use assets and lease liabilities.

Short-term leases and leases of low-value assets

Short-term leases are those without a purchase option and with a lease term of not more than 12 months. Leases of low-value assets refer to leases where the leased asset, if new, is of low value.

The company does not recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets; instead, related lease payments are recognized on a straight-line method or other systematic and reasonable methods over the lease term as part of the cost of the related assets or as current period profit or loss.

(2) Accounting treatment method of leasing as a lessor

(1) Classification of leases

The company classifies leases as finance leases or operating leases on the commencement date of the lease. Finance lease refers to a lease that substantially transfers all risks and rewards related to ownership of the leased asset, where ownership may or may not ultimately be transferred. Operating lease refers to all other leases that are not finance leases.

A lease is typically classified as a finance lease by our company if one or more of the following conditions exist:

1) Ownership of the leased asset is transferred to the lessee at the end of the lease term;

2) The lessee has the option to purchase the leased asset at a price sufficiently lower than its fair value at the time the option is expected to be exercised, making it reasonably certain that the lessee will exercise the option at the lease commencement date;

3) Although ownership is not transferred, the lease term covers a major part of the useful life of the asset;

4) At the inception of the lease, the present value of the lease receipts is nearly the fair value of the leased asset;

5) The leased asset is of such a specialized nature that only the lessee can use it without major modifications.

A lease may also be classified as a finance lease by our company if it exhibits one or more of the following indicators:

1) If the lessee cancels the lease, the lessee bears the losses associated with the cancellation for the lessor;

2) Gains or losses arising from fluctuations in the fair value of the residual value of assets are attributed to the lessee.

3) The lessee has the ability to continue leasing at a rent significantly below market level for the next period.

(2) Accounting treatment for finance leases

On the lease commencement date, the Company recognizes the finance lease receivables for the finance lease and terminates the recognition of the finance lease assets.

At the initial recognition of finance lease receivables, the unguaranteed residual value and the present value of lease receipts not received on the commencement date of lease term, discounted at the interest rate implicit in the lease, are summed to determine the entry value of the finance lease receivables. Lease receipts include:

1) Fixed payments and substantially fixed payments after deducting lease incentives;

2) Variable lease payments that depend on an index or rate;

3) In cases where it is reasonably certain that the lessee will exercise the purchase option, lease receipts include the exercise price of the purchase option;

4) If the lease term reflects that the lessee is expected to exercise the termination option, lease receipts include the amount payable by the lessee upon exercising the termination option;

5) Guaranteed residual value provided to the lessor by the lessee, parties related to the lessee, and independent third parties with the financial capacity to fulfill the guarantee obligations.

The company calculates and recognizes interest income for each period within the lease term based on a fixed implicit lease rate. Variable lease payments not included in the net investment in the lease are recognized in the current period's profit or loss when they occur.

(3) Accounting treatment for operating leases

The company recognizes lease receipts from operating leases as rental income over the lease term using the straight-line method or another systematic and rational method; Initial direct costs associated with operating leases are capitalized and amortized over the lease term on the same basis as rental income recognition and are included in the current period's profit or loss; Variable lease payments related to operating leases that are not included in lease receipts are recognized in the current period's profit or loss when they occur.

42. Other significant accounting policies and accounting estimates

Not applicable

43. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

Not applicable

(2) Changes in significant accounting estimates

Not applicable

(3) Adjustment of items related to the financial statements at the beginning of the year when the new accounting standards are implemented for the first time since 2024

Not applicable

44. Others

Not applicable

VI. Taxes

1. Main taxes and tax rates

Tax Type	Tax Basis	Tax rates
VAT	Domestic sales and provision of processing, repairs and replacement services	13%
	Real estate leasing services	9%
	Other taxable sales of services	6%
	Simple tax method	5%
Consumption tax	High-end watches	20%
Urban maintenance and construction tax	Paid-in turnover tax	7%、5%
Enterprise income tax	Taxable income	See the table below for details
Property tax	Tax basis: 70% or 80% of the original value of the house property	1.2%、12%

Disclosure of information about taxpayers with different enterprise income tax rates

Name of taxpayer	Income tax rate
Shenzhen Harmony World Watch Centre Co., Ltd. (①)	25%
FIYTA Sales Co., Ltd. (①)	25%
Shenzhen FIYTA Precision Technology Co., Ltd. (②)	15%
Shenzhen FIYTA STD Co., Ltd. (②)	15%
Shenzhen Harmony World Watch Centre Co., Ltd. (⑤)	20%
Shenzhen Xunhang Precision Technology Co., Ltd.	25%
Emile Chouriet Horologe (Shenzhen) Co., Ltd.	25%
Liaoning Hengdarui Commerce and Trade Co., Ltd.	25%
Temporal (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: According to the relevant provisions of the "Interim Measures for the Administration of Enterprise Income Tax Collection for Enterprises with Trans-regional Operations and Consolidated Tax Payments" issued by the State Administration of Taxation, the headquarters and its subordinate branches of such companies implement a consolidated tax payment method for enterprise income tax. This method involves "unified calculation, hierarchical management, local prepayment, consolidated settlement, and fiscal transfer of accounts." 50% of the prepayment is shared among branches, and 50% is shared by the head office;

Note ②: These companies enjoy the "tax rate reduction and exemption for high-tech enterprises that need key support from the state";

Note ③: the Company's registered location is Hong Kong, and the local profits tax in Hong Kong is applicable, and the applicable tax rate for this year is 16.50%;

Note ④: the Company is registered in Switzerland. According to the applicable tax rate in registration location, the comprehensive tax rate for this year is 30%;

Notes ⑤: these companies are small low-profit enterprises and are subject to enterprise income tax at a rate of 20%.

2. Tax preference

According to the "Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses" (CS [2023] No. 6) issued by the Ministry of Finance and the State Administration of Taxation, small and micro-profit enterprises include only 25% of their taxable income and pay enterprise income tax at a rate of 20%. According to the "Notice on Extending the Loss Carry Forward Period for High-Tech Enterprises and Technology-Based Small and Medium-Sized Enterprises" (CS [2018] No. 76) issued by the Ministry of Finance and the

State Administration of Taxation, starting from January 1, 2018, losses incurred in the five fiscal years prior to obtaining high-tech enterprise qualification that have not yet been offset are allowed to be carried forward to subsequent years for offsetting, with the maximum carry forward period extended from 5 years to 10 years.

According to the "Announcement on Further Improving the Policy of Pre-tax Additional Deduction of R&D Expenses" (CS [2023] No. 7) issued by the Ministry of Finance and the State Administration of Taxation, starting from January 1, 2023, enterprises' actual R&D expenses incurred in conducting R&D activities, which are not converted into intangible assets and are included in the current profit and loss, can be additionally deducted at 100% of the actual amount incurred on top of the actual deduction as per regulations. Where intangible assets are formed, they shall be amortized before tax at 200% of the cost of intangible assets as of January 1, 2023.

Since 2019, Hong Kong implemented a two-tiered profits tax regime, whereby the profits tax rate for the first HKD2,000,000 of profits earned by Hong Kong companies is reduced to 8.25%, and the remaining profits are taxed at the standard rate of 16.5%.

3. Others

Not applicable

7. Notes to items in the consolidated financial statements

1. Monetary funds

Unit: RMB

Item	Ending Balance	Opening balance
Cash on hand	107,494.56	178,996.87
Cash in bank	21,352,343.64	35,443,378.12
Other monetary funds	2,109,236.20	1,262,979.96
Deposit in finance companies	380,786,934.73	467,743,798.76
Total	404,356,009.13	504,629,153.71
Including: total amount deposited abroad	1,951,883.15	1,202,601.86

Other notes

The deposits in finance companies were mainly the deposits in AVIC Finance Co., Ltd.

As of June 30, 2024, the Company had no pledged or frozen funds. Details of the Company's funds placed overseas with restrictions on fund repatriation are as follows:

Item	Ending Balance	Opening balance
Funds placed overseas with restrictions on fund repatriation	1,951,883.15	1,202,601.86

2. Trading financial assets

Not applicable

3. Derivative financial assets

Not applicable

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: RMB

Item	Ending Balance	Opening balance
Bank acceptance note	7,483,190.50	10,363,449.00
Commercial acceptance note	8,855,201.81	7,905,523.37
Total	16,338,392.31	18,268,972.37

(2). Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Ending Balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Scale	Amount	Drawing percentages		Amount	Scale	Amount	Drawing percentages	
In which:										
Notes receivable with provision for bad debts by combination	16,654,813.30	100.00%	316,420.99	1.90%	16,338,392.31	18,685,052.55	100.00%	416,080.18	2.23%	18,268,972.37
In which:										
Commercial acceptance draft combination	9,171,622.80	55.07%	316,420.99	3.45%	8,855,201.81	8,321,603.55	44.54%	416,080.18	5.00%	7,905,523.37
Risk-free bank acceptance draft combination	7,483,190.50	44.93%		0.00%	7,483,190.50	10,363,449.00	55.46%		0.00%	10,363,449.00
Total	16,654,813.30	100.00%	316,420.99	1.90%	16,338,392.31	18,685,052.55	100.00%	416,080.18	2.23%	18,268,972.37

Name of provision with provision for bad debts by combination: commercial acceptance bill combination

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Commercial acceptance draft combination	9,171,622.80	316,420.99	3.45%
Total	9,171,622.80	316,420.99	

Description of the basis for determining the combination:

Accounts receivable with the same aging have similar credit risk characteristics.

Catalog name with provision for bad debts by combination: non-risk bank acceptance bill combination

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Risk-free bank acceptance draft combination	7,483,190.50		0.00%
Total	7,483,190.50		

Description of the basis for determining the combination:

The drawer has a high credit rating, and has no bill default in history, so the risk of credit loss is extremely low, and also has a strong ability to fulfill the obligation to pay the cash flow of the contract in a short period of time.

If the provision for bad debts of notes receivable is made according to the general expected credit loss model:

Not applicable

(3) Status of bad debt provision, recovery, or reversal for the period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change for the period				Ending Balance
		Provision	Recovered or transferred	Write-off	Other	
Notes receivable with provision for bad debts by individual						
Notes receivable with provision for bad debts by combination						
Including: commercial acceptance bill combination	416,080.18		99,659.19			316,420.99
Risk-free bank acceptance draft combination						

Total	416,080.18		99,659.19			316,420.99

Where accounts receivable with significant from provision for bad debts or recovered in the current period

Not applicable

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

Not applicable

(5) Receivables notes or discounted at period-end not yet due on the Company's balance sheet date

Unit: RMB

Item	Termination confirmation amount at period-end	Unconfirmed amount at period-end
Bank acceptance note	24,056,305.26	0.00
Total	24,056,305.26	0.00

(6). Situation of notes receivable actually written off in the current period

Not applicable

5. Accounts receivable

1. Disclosure by aging

Unit: RMB

Aging	Book balance at period end	Beginning book balance
Within 1 year (including 1 year)	363,748,311.83	333,204,160.07
1-2 years	3,035,192.98	2,123,874.00
2-3 years	1,519,611.03	4,200,458.08
More than 3 years	19,089,043.69	18,005,255.95
3-4 years	19,089,043.69	18,005,255.95
Total	387,392,159.53	357,533,748.10

(2). Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Ending Balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Scale	Amount	Drawing percentages		Amount	Scale	Amount	Drawing percentages	
Accounts receivable with provisio	20,141,411.68	5.20%	19,908,405.24	98.84%	233,006.44	24,708,541.73	6.91%	23,148,792.25	93.69%	1,559,749.48

n for bad debts by individual										
In which:										
Accounts receivable with provision for bad debts by combination	367,250,747.85	94.80%	12,000,288.48	3.27%	355,250,459.37	332,825,206.37	93.09%	11,242,194.21	3.38%	321,583,012.16
In which:										
Combination of other customers' receivables	367,250,747.85	94.80%	12,000,288.48	3.27%	355,250,459.37	332,825,206.37	93.09%	11,242,194.21	3.38%	321,583,012.16
Total	387,392,159.53	100.00%	31,908,693.72	8.24%	355,483,465.81	357,533,748.10	100.00%	34,390,986.46	9.62%	323,142,761.64

Category name of provision for bad debts by individual: accounts receivable from other customers

Unit: RMB

Name	Opening balance		Ending Balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Drawing percentages	Provision Reason
Receivables from other customers	24,708,541.73	23,148,792.25	20,141,411.68	19,908,405.24	98.84%	Less likely to be withdrawn
Total	24,708,541.73	23,148,792.25	20,141,411.68	19,908,405.24		

Category name of provision for bad debts by combination: accounts receivable from other customers

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Receivables from other customers	367,250,747.85	12,000,288.48	3.27%
Total	367,250,747.85	12,000,288.48	

Description of the basis for determining the combination:

Accounts receivable with the same combination have similar credit risk characteristics.

If the provision for bad debts of accounts receivable is made according to the general expected credit loss model:

Not applicable

(3) Status of bad debt provision, recovery, or reversal for the period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change for the period				Ending Balance
		Provision	Recovered or transferred	Write-off	Other	
Accounts receivable with provision for expected credit losses by individual	23,148,792.25		3,253,930.73		-13,543.72	19,908,405.24
Accounts receivable with provision for expected credit losses by combination	11,242,194.21	822,060.56	54,756.65		9,209.64	12,000,288.48
Total	34,390,986.46	822,060.56	3,308,687.38		-4,334.08	31,908,693.72

Where accounts receivable with significant from provision for bad debts or recovered in the current period

Unit: RMB

Company name	Recovered or reversed amount	Reason for reversal	Recovery method	Determine the basis and rationality of the original provision for bad debts
Shijiazhuang Yuhua Suning.com Commercial Management Co., Ltd.	358,855.97	Payment has been received normally	Bank collection	Provision based on the estimated recoverable amount
Nanjing Jianye Suning Yigou Plaza Commercial Management Co., Ltd.	776,062.11	Payment has been received normally	Bank collection	Provision based on the estimated recoverable amount
Baotou Galaxy Suning Yigou Plaza Co., Ltd.	504,733.73	Payment has been received normally	Bank collection	Provision based on the estimated recoverable amount
Yinchuan Suning.com Plaza Co., Ltd.	636,843.63	Payment has been received normally	Bank collection	Provision based on the estimated recoverable amount
Shanghai Pudong Suning.com Commercial Management Co., Ltd.	818,227.34	Payment has been received normally	Bank collection	Provision based on the estimated recoverable amount
Total	3,094,722.78			

(4). Situation of accounts receivable actually written off in the current period

Not applicable

(5) Accounts receivable and contractual assets collected from the debtors which rank the first five at the end of period

Unit: RMB

Company name	Accounts receivable balance at the end of period	Ending balance of contractual assets	Ending balance of accounts receivable and contractual assets	Proportion in the total ending balance of accounts receivable and contractual assets	Ending balance of provision for bad debts of accounts receivable and provision for impairment of contractual assets
Summary of accounts receivable which ranks the first five at the end of period	81,395,716.91		387,392,159.53	21.01%	3,973,834.24
Total	81,395,716.91		387,392,159.53	21.01%	3,973,834.24

6. Contract assets

Not applicable

7. Receivables financing

Not applicable

8. Other receivables

Unit: RMB

Item	Ending Balance	Opening balance
Other receivables	59,436,540.53	57,725,792.00
Total	59,436,540.53	57,725,792.00

(1) Interest receivable

1) Classification of interest receivable

Not applicable

2) Important overdue interest

Not applicable

3). Disclosure under the methods of provision for bad debts by category

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Not applicable

5) Situation of interest receivable actually written off in the current period

Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Not applicable

2) Important dividends receivable with aging over 1 year

Not applicable

3). Disclosure under the methods of provision for bad debts by category

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Not applicable

5) Situation of dividends receivable actually written off in the current period

Not applicable

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Payment nature	Book balance at period end	Beginning book balance
Margin and deposits	53,774,307.13	51,775,226.86
Employee reserve	3,740,041.27	1,549,821.50
Other	6,132,069.36	8,748,853.73
Total	63,646,417.76	62,073,902.09

2) Disclosure by aging

Unit: RMB

Aging	Book balance at period end	Beginning book balance
Within 1 year (including 1 year)	33,867,092.11	22,481,619.93
1-2 years	24,429,192.98	38,313,327.26
2-3 years	4,155,060.57	119,250.00
More than 3 years	1,195,072.10	1,159,704.90
3-4 years	1,195,072.10	1,159,704.90
Total	63,646,417.76	62,073,902.09

3). Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Ending Balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Scale	Amount	Drawing percentages		Amount	Scale	Amount	Drawing percentages	
Provision for bad debts on an individual basis	1,393,147.78	2.19%	1,363,219.78	97.85%	29,928.00	1,418,314.90	2.28%	1,367,386.90	96.41%	50,928.00
In which:										
Provision for bad debts on a combination basis	62,253,269.98	97.81%	2,846,657.45	4.57%	59,406,612.53	60,655,587.19	97.72%	2,980,723.19	4.91%	57,674,864.00
In which:										
Combination of margin and deposit receivable	53,259,849.25	83.68%	2,633,875.69	4.95%	50,625,973.56	51,304,601.86	82.65%	2,603,277.66	5.07%	48,701,324.20
Combination of employee reserve receivable	3,740,041.27	5.88%		0.00%	3,740,041.27	1,549,821.50	2.50%		0.00%	1,549,821.50

Combination of social security advances receivable	508,259.76	0.80%		0.00%	508,259.76	284,862.55	0.46%		0.00%	284,862.55
Combination of other financings	4,745,119.70	7.46%	212,781.76	4.48%	4,532,337.94	7,516,301.28	12.11%	377,445.53	5.02%	7,138,855.75
Total	63,646,417.76	100.00%	4,209,877.23	6.61%	59,436,540.53	62,073,902.09	100.00%	4,348,110.09	7.00%	57,725,792.00

Number of categories with provision for bad debts by individual: 1
Category name of provision for bad debts by individual: other accounts receivable

Unit: RMB

Name	Opening balance		Ending Balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Drawing percentages	Provision Reason
Other receivables	1,418,314.90	1,367,386.90	1,393,147.78	1,363,219.78	97.85%	There is a dispute
Total	1,418,314.90	1,367,386.90	1,393,147.78	1,363,219.78		

Number of categories with provision for bad debts by combination: 4
Category name of provision for bad debts by combination: combination of margin and deposit receivable

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of margin and deposit receivable	53,259,849.25	2,633,875.69	4.95%
Total	53,259,849.25	2,633,875.69	

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Category name of provision for bad debts by combination: combination of employee reserve receivable

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of employee reserve receivable	3,740,041.27		0.00%
Total	3,740,041.27		

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Category name of provision for bad debts by combination: combination of social security receivable on behalf of the payer

Unit: RMB

Name	Ending Balance

	Book balance	Bad debt provision	Drawing percentages
Combination of social security advances receivable	508,259.76		0.00%
Total	508,259.76		

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Category name of provision for bad debts by combination: other accounts receivable

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of other financings	4,745,119.70	212,781.76	4.48%
Total	4,745,119.70	212,781.76	

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Provision for bad debts made according to the general expected credit loss model:

Unit: RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the duration (no credit impairment)	Expected credit loss throughout the duration (credit impairment has occurred)	
Balance as of Jan. 1, 2024	2,980,723.19		1,367,386.90	4,348,110.09
Balance on Jan. 1, 2024 in the current period				
- Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Provision in the current period	40,599.80			40,599.80
Reversal in the current period	-129,992.21		-49,000.00	-178,992.21
Write-off in the current period				
Write-off in the current period				
Other changes	159.55			159.55

Balance as of June 30, 2024	2,891,490.33		1,318,386.90	4,209,877.23

The basis for the division of each stage and the ratio of provisions for bad debts

The phase I is the bad debt provision for other receivables within one year. The phase II is the bad debt provision for accounts receivable over one year that have not been individually assessed. The phase III is the bad debt provision for individually assessed accounts receivable.

Changes in book balance with significant amount of loss provision in the current period

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change for the period				Ending Balance
		Provision	Recovered or transferred	Write-off or impairment	Other	
Bad debt provision	4,348,110.09	40,599.80	-178,992.21		159.55	4,209,877.23
Total	4,348,110.09	40,599.80	-178,992.21		159.55	4,209,877.23

Where the bad-debt provision amount recovered or reversed this period is important:

Not applicable

5) Situation of other accounts receivable actually written off in the current period

Not applicable

6). Other receivables collected from the debtors which rank the first five at the end of period

Unit: RMB

Company name	Payment nature	Ending Balance	Aging	Proportion in the total ending balance of other receivables	End-of-period balance of provision for bad debt
Summary of other accounts receivable which rank the first five at the end of period	Deposits and margin	8,634,010.68	Within 1 year, 1-2 years	13.57%	431,700.53
Total		8,634,010.68		13.57%	431,700.53

7) Presented in other receivables due to centralized management of funds

Not applicable

9. Prepayments

(1) Prepayments are presented by aging

Unit: RMB

Aging	Ending Balance		Opening balance	
	Amount	Scale	Amount	Scale
Within 1 year	6,569,774.50	100.00%	6,564,760.64	99.90%
1-2 years		0.00%	6,479.34	0.10%
Total	6,569,774.50		6,571,239.98	

Reasons for not timely settlement of prepayments with aging over 1 year and significant amount:

Not applicable

(2). Top five of advances to suppliers in terms of the ending balance presented by advance receivers

Company name	Ending Balance	Percentage of total advances (%)
Summary of prepayments collected from the debtors which rank the first five at the end of period	4,185,055.26	63.70%

10. Inventories

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

(1) Classification of inventory

Unit: RMB

Item	Ending Balance			Opening balance		
	Book balance	Provision for impairment of inventory or contract performance costs	Book value	Book balance	Provision for impairment of inventory or contract performance costs	Book value
Raw material	161,344,020.85	5,401,893.56	155,942,127.29	167,281,491.84	5,290,855.71	161,990,636.13
Unfinished products	10,779,027.93		10,779,027.93	12,060,525.88		12,060,525.88
Merchandise inventory	2,026,413,760.86	64,803,673.59	1,961,610,087.27	1,993,236,975.36	66,621,962.09	1,926,615,013.27
Total	2,198,536,809.64	70,205,567.15	2,128,331,242.49	2,172,578,993.08	71,912,817.80	2,100,666,175.28

(2) Data resources recognized as inventory

Not applicable

(3) Provision for impairment of inventory or contract performance costs

Unit: RMB

Item	Opening balance	Increase for the current period		Decrease amount in the current period		Ending Balance
		Provision	Other	Reversal or write-off	Other	
Raw material	5,290,855.71	253,915.61		142,877.76		5,401,893.56
Merchandise inventory	66,621,962.09	126,606.77	7,749.55	1,952,644.82		64,803,673.59
Total	71,912,817.80	380,522.38	7,749.55	2,095,522.58		70,205,567.15

Notes to provision for inventory write-down

Item	Specific basis for determining the net realizable value/residual consideration and the cost to be incurred	Reversal or write-off in the current period Reasons to provision for inventory write-down
Raw material	Estimated selling prices of manufactured products minus estimated costs to completion, estimated selling expenses and related taxes and surcharges	The factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory higher than its book value
Merchandise inventory	Estimated selling price minus estimated sales expenses and related taxes	The inventory with provision for inventory depreciation at the beginning of the period has been consumed/sold in the current period

The provision for inventory depreciation by combination

Not applicable

Provision criteria for provision of inventory depreciation reserve by combination

Not applicable

(4) Notes to the ending balance of inventories including the capitalization amount of borrowing costs

Not applicable

(5) Notes to the amortization amount of contract performance costs in the 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	Opening balance
Amount of value-added tax deduction	14,705,036.13	21,032,239.30
Input tax to be recognized	13,980,706.95	31,717,607.91
Prepaid income tax	384,254.22	1,364,632.40
Other taxes prepaid	491,655.06	
Fixed deposits	45,001,594.79	
Other	14,475,773.82	18,134,912.20
Total	89,039,020.97	72,249,391.81

14. Debt investments

(1) Debt investments situation

Not applicable

(2) Important debt investments at the end of the period

Not applicable

(3) Provision for impairment

Not applicable

(4). Situation of debt investments actually written off in the current period

Not applicable

15. Other debt investments

(1) Other debt investments situation

Not applicable

(2) Other important debt investments at the end of the period

Not applicable

(3) Provision for impairment

Not applicable

(4). Situation of other debt investments actually written off in the current period

Not applicable

16. Investment in other equity instruments

Not applicable

17. Long-term receivables

(1) Long-term receivables

Not applicable

(2). Disclosure under the methods of provision for bad debts by category

Not applicable

(3) Status of bad debt provision, recovery, or reversal for the period

Not applicable

(4). Situation of accounts receivable actually written off in the current period

Not applicable

18. Long-term equity investments

Unit: RMB

The investee	Beginning balance (book value)	Beginning balance of provision for impairment	Increase or decrease in the current period								Ending balance (book value)	End-of-period balance of provision for impairment
			Additional investment	Reduction of investment	Investment income or loss recognized under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment accrued	Other		
1. Joint ventures												
2. Associated enterprise												
Shang	51,86				89,87						51,95	

hai Watch Industry Co., Ltd.	2,607.30				2.06						2,479.36	
Sub-total	51,862,607.30				89,872.06						51,952,479.36	
Total	51,862,607.30				89,872.06						51,952,479.36	

The recoverable amount is determined by the net amount of the fair value less the disposal expenses

Not applicable

The recoverable amount is determined at the present value of the expected future cash flows

Not applicable

Reasons for the difference between the aforementioned information and the information used in the impairment test of previous years or external information

Not applicable

Reasons for the difference between the information used in the company's impairment test in previous years and the actual situation in the current year

Not applicable

Other notes

Not applicable

19. Other non-current financial assets

Not applicable

20. Investment properties

(1) Investment property measured at cost

Unit: RMB

Item	Houses and structures	Land use rights	Construction in progress	Total
I. Original book value				
1. Beginning balance	620,335,023.89			620,335,023.89
2. Increase for the current period				
(1) Outsourcing				
(2) Transfers from inventories\fixed assets\construction in progress				
(3) Increase from business				

combinations				
3. Decrease for the current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance	620,335,023.89			620,335,023.89
II. Accumulated depreciation and amortization				
1. Beginning balance	260,079,191.75			260,079,191.75
2. Increase for the current period	7,846,994.22			7,846,994.22
(1) Provision or amortization	7,846,994.22			7,846,994.22
(2) Transfer from fixed assets				
3. Decrease for the current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance	267,926,185.97			267,926,185.97
III. Impairment provision				
1. Beginning balance				
2. Increase for the current period				
(1) Provision				
3. Decrease for the current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance				
IV. Book value				
1. Ending book value	352,408,837.92			352,408,837.92
2. Beginning book value	360,255,832.14			360,255,832.14

The recoverable amount is determined by the net amount of the fair value less the disposal expenses

Not applicable

The recoverable amount is determined at the present value of the expected future cash flows

Not applicable

Reasons for the difference between the aforementioned information and the information used in the impairment test of previous years or external information

Not applicable

Reasons for the difference between the information used in the company's impairment test in previous years and the actual situation in the current year

Not applicable

Other notes:

Not applicable

(2) Investment property measured at fair value

Not applicable

(3) Convert to investment property and measure at fair value

Not applicable

(4) Investment property without certificate of title

Not applicable

21. Fixed assets

Unit: RMB

Item	Ending Balance	Opening balance
Fixed assets	345,651,268.72	355,785,354.68
Liquidation of fixed assets	0.00	0.00
Total	345,651,268.72	355,785,354.68

(1). Status of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transport equipment	Electronic equipment	Other equipment	Total
1. Original book value:						
1. Beginning balance	441,589,632.63	130,667,789.21	13,277,093.83	50,657,219.07	44,094,254.35	680,285,989.09
2. Increase for the current period	20,027.36	2,328,766.75		1,473,437.61	663,176.09	4,485,407.81
(1) Acquisitions		2,320,494.70		1,473,351.07	663,176.09	4,457,021.86
(2) Transfer from construction in progress						

(3) Increase from business combinations						
(4). Exchange differences arising from foreign currency transactions	20,027.36	8,272.05		86.54		28,385.95
3. Decrease for the current period	3,199,869.02	1,423,289.61	1,026,085.81	680,665.17	453,955.74	6,783,865.35
(1) Disposal or scrapping	570,550.00	128,105.05	1,026,085.81	631,965.29	335,369.81	2,692,075.96
(2). Exchange differences arising from foreign currency transactions	2,629,319.02	1,295,184.56		48,699.88	118,585.93	4,091,789.39
4. Ending balance	438,409,790.97	131,573,266.35	12,251,008.02	51,449,991.51	44,303,474.70	677,987,531.55
II. Accumulated depreciation						
1. Beginning balance	152,207,027.41	83,133,593.32	12,078,669.40	37,956,542.09	39,124,802.19	324,500,634.41
2. Increase for the current period	6,534,045.86	4,469,874.54	167,437.90	1,580,401.82	674,908.55	13,426,668.67
(1) Provision	6,517,095.45	4,462,019.71	167,437.90	1,580,319.60	674,908.55	13,401,781.21
(2). Exchange differences arising from foreign currency transactions	16,950.41	7,854.83		82.22		24,887.46
3. Decrease for the current period	2,238,221.77	1,295,744.31	974,781.52	597,648.74	484,643.91	5,591,040.25
(1) Disposal or scrapping	395,811.20	113,925.59	974,781.52	554,287.43	366,283.77	2,405,089.51
(2). Exchange differences arising from foreign currency transactions	1,842,410.57	1,181,818.72		43,361.31	118,360.14	3,185,950.74
4. Ending balance	156,502,851.50	86,307,723.55	11,271,325.78	38,939,295.17	39,315,066.83	332,336,262.83
III. Impairment provision						
1. Beginning						

balance						
2. Increase for the current period						
(1) Provision						
3. Decrease for the current period						
(1) Disposal or scrapping						
4. Ending balance						
IV. Book value						
1. Ending book value	281,906,939.47	45,265,542.80	979,682.24	12,510,696.34	4,988,407.87	345,651,268.72
2. Beginning book value	289,382,605.22	47,534,195.89	1,198,424.43	12,700,676.98	4,969,452.16	355,785,354.68

(2) Temporarily idle fixed assets

Not applicable

(3) Fixed assets leased out through operating leases

Not applicable

(4) Fixed assets without certificates of title

Unit: RMB

Item	Book value	Reasons for not completing the certificate of title
Houses and buildings	182,663.79	Defects in property rights

(5) Impairment test of fixed assets

Not applicable

(6) Liquidation of fixed assets

Not applicable

22. Construction in progress

Not applicable

(1) Status of construction in progress

Not applicable

(2) Changes in important construction in progress in the current period

Not applicable

(3) Status of impairment of construction in progress in the current period

Not applicable

(4) Status of impairment test of construction in progress

Not applicable

(5) Project materials

Not applicable

23. Productive biological assets

(1) Productive biological assets measured at cost

Not applicable

(2) Impairment test of productive biological assets measured at cost

Not applicable

(3) Productive biological assets measured at fair value

Not applicable

24. Oil and gas assets

Not applicable

25. Right-of-use assets

(1) Right-of-use assets situation

Unit: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Beginning balance	153,209,897.81	153,209,897.81
2. Increase for the current period	54,191,179.24	54,191,179.24
(1) Lease	54,188,231.32	54,188,231.32
(2). Exchange differences arising from foreign currency transactions	2,947.92	2,947.92
3. Decrease for the current period	79,521,232.18	79,521,232.18

(1) Disposal	1,437,591.74	1,437,591.74
(2) The lease expires	78,083,640.44	78,083,640.44
4. Ending balance	127,879,844.87	127,879,844.87
II. Accumulated depreciation		
1. Beginning balance	43,757,416.17	43,757,416.17
2. Increase for the current period	52,810,274.43	52,810,274.43
(1) Provision	52,808,948.49	52,808,948.49
(2). Exchange differences arising from foreign currency transactions	1,325.94	1,325.94
3. Decrease for the current period	78,074,492.72	78,074,492.72
(1) Disposal	928,227.37	928,227.37
(2) The lease expires	77,146,265.35	77,146,265.35
4. Ending balance	18,493,197.88	18,493,197.88
III. Impairment provision		
1. Beginning balance		
2. Increase for the current period		
(1) Provision		
3. Decrease for the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	109,386,646.99	109,386,646.99
2. Beginning book value	109,452,481.64	109,452,481.64

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

Not applicable

26. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use rights	Patent right	Non-Patent Technology]	Software system	Right to use trademark	Total
I. Original book value						
1. Beginning balance	34,933,822.40			35,242,672.55	16,599,485.22	86,775,980.17
2. Increase for the current period				1,006,663.53	5,867.94	1,012,531.47
(1) Acquisitions				1,006,663.53	5,867.94	1,012,531.47
(2) Internal						

research and development						
(3) Increase from business combinations						
3. Decrease for the current period				7,357.60	0.43	7,358.03
(1) Disposal				7,357.60	0.43	7,358.03
4. Ending balance	34,933,822.40			36,241,978.48	16,605,352.73	87,781,153.61
II. Accumulated amortization						
1. Beginning balance	17,249,475.30			27,593,853.68	10,268,270.42	55,111,599.40
2. Increase for the current period	366,776.65			1,427,172.01	27,392.70	1,821,341.36
(1) Provision	366,776.65			1,427,172.01	27,392.70	1,821,341.36
3. Decrease for the current period				367.88		367.88
(1) Disposal				367.88		367.88
4. Ending balance	17,616,251.95			29,020,657.81	10,295,663.12	56,932,572.88
III. Impairment provision						
1. Beginning balance						
2. Increase for the current period						
(1) Provision						
3. Decrease for the current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Ending book value	17,317,570.45			7,221,320.67	6,309,689.61	30,848,580.73
2. Beginning book value	17,684,347.10			7,648,818.87	6,331,214.80	31,664,380.77

The proportion of intangible assets formed by the Company's internal research and development at the end of the current period to the balance of intangible assets is 0.00%

(2) Data resources recognized as intangible assets

Not applicable

(3) Land use right without certificate of title

Not applicable

(4) Impairment test of intangible assets

Not applicable

27. Goodwill

(1) Original book value of goodwill

Not applicable

(2) Provision for impairment of goodwill

Not applicable

(3) Information on the asset group or combination of asset groups where the goodwill is located

Not applicable

(4) Specific determination method of recoverable amount

Not applicable

(5) Completion of performance commitments and corresponding impairment of goodwill

Not applicable

28. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase for the current period	Amortization amount for the current period	Other decreases	Ending Balance
Counter production fee	19,008,343.84	8,377,686.40	9,745,039.42	1,078,053.51	16,562,937.31
Decoration fee	96,297,010.20	27,813,498.18	24,501,735.62	177,816.39	99,430,956.37
Other	7,019,001.09	441,460.90	3,258,250.73	85,902.48	4,116,308.78
Total	122,324,355.13	36,632,645.48	37,505,025.77	1,341,772.38	120,110,202.46

29. Deferred tax assets/deferred tax liabilities

(1) Deferred income tax assets without offset

Unit: RMB

Item	Ending Balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	103,493,511.38	23,491,810.64	107,672,653.16	24,371,732.35
Unrealized profits from internal transactions	61,698,023.06	15,215,058.31	83,620,908.60	20,855,280.62
Deductible losses	132,264,495.42	31,790,112.52	126,562,143.51	31,197,892.87
Equity incentive	8,686,896.23	2,038,524.01	6,263,007.85	1,449,733.06
Publicity expenses that can be carried forward to subsequent years	4,438,509.76	1,109,627.44		
Lease liabilities	162,217,563.49	40,554,390.88	109,682,960.95	27,420,740.27
Other	5,150,706.68	1,287,676.67	5,168,527.80	1,292,131.95
Total	477,949,706.02	115,487,200.47	438,970,201.87	106,587,511.12

(2) Deferred income tax liabilities without offset

Unit: RMB

Item	Ending Balance		Opening balance	
	Taxable temporary differences	Deferred tax liability	Taxable temporary differences	Deferred tax liability
One-time pre-tax deduction of fixed assets	29,215,672.67	4,382,350.90	28,437,227.07	4,265,584.06
Right-of-use assets	162,695,287.60	40,673,821.90	109,212,305.15	27,303,076.29
Total	191,910,960.27	45,056,172.80	137,649,532.22	31,568,660.35

(3) Deferred tax assets or liabilities presented by net amount after offset

Unit: RMB

Item	Amount of deferred tax assets and liabilities offset at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Amount of deferred tax assets and liabilities offset at the beginning of the period	Balance of deferred tax assets or liabilities after offset at the beginning of the period
Deferred income tax assets	39,593,331.51	75,893,868.97	26,359,739.66	80,227,771.46
Deferred tax liability	39,593,331.51	5,462,841.29	26,359,739.66	5,208,920.69

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Ending Balance	Opening balance

Provision for impairment of assets	3,444,117.03	3,395,341.37
Deductible losses	52,393,966.99	52,523,345.89
Total	55,838,084.02	55,918,687.26

(5) The deductible losses of the unrecognized deferred tax assets will become due in the following years:

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2024	21,759,088.21	23,049,503.37	
2025	27,823,763.89	29,473,842.52	
2026			
2027			
2028			
2029			
2030			
2031	2,811,114.89		
Total	52,393,966.99	52,523,345.89	

30. Other non-current assets

Unit: RMB

Item	Ending Balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayment for long-term assets	2,185,332.57		2,185,332.57	9,434,627.17		9,434,627.17
Total	2,185,332.57		2,185,332.57	9,434,627.17		9,434,627.17

31. Assets with restricted ownership or usage rights

Not applicable

32. Short-term loans

(1) Classification of short-term debts

Unit: RMB

Item	Ending Balance	Opening balance
Credit loans	320,000,000.00	250,000,000.00
Unexpired interest payable	207,333.32	187,763.87
Total	320,207,333.32	250,187,763.87

(2) Overdue and outstanding short-term debts

Not applicable

33. Trading financial liabilities

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	Opening balance
Payable for goods	109,737,172.05	148,281,377.41
Materials payable	20,600,336.04	23,371,455.42
Construction payables	1,034,800.53	2,173,074.88
Total	131,372,308.62	173,825,907.71

(2). Significant payable aging over 1 year or overdue

Not applicable

37. Other payables

Unit: RMB

Item	Ending Balance	Opening balance
Dividend payable	2,907,796.73	2,058,352.24
Other payables	107,885,270.30	119,879,448.83
Total	110,793,067.03	121,937,801.07

(1) Interest payable

Not applicable

(2) Dividends payable

Unit: RMB

Item	Ending Balance	Opening balance
Common stock dividends	2,907,796.73	2,058,352.24
Total	2,907,796.73	2,058,352.24

(3) Other payables

1). Other payable listed by nature

Unit: RMB

Item	Ending Balance	Opening balance
Deposits and margin	33,574,986.55	34,075,198.63
Expenses for store activities	21,585,739.68	17,335,559.49
Decoration fee	4,893,296.60	10,214,019.04
Restricted stock repurchase obligations	13,379,181.81	14,304,862.81
Other	34,452,065.66	43,949,808.86
Total	107,885,270.30	119,879,448.83

2) Other significant payable with aging over 1 year or overdue

Unit: RMB

Item	Ending Balance	Reasons for non-repayment or non-transfer
Property lease deposit	14,498,179.29	Settlement period not reached
Total	14,498,179.29	

38. Advance receipts

(1) Presentation of advances received

Unit: RMB

Item	Ending Balance	Opening balance
Advance rent	8,242,987.93	10,267,758.31
Total	8,242,987.93	10,267,758.31

(2) Significant advance receivable with aging over 1 year or overdue

Not applicable

39. Contract liabilities

Unit: RMB

Item	Ending Balance	Opening balance
Payment for goods	18,804,742.85	12,286,243.62
Total	18,804,742.85	12,286,243.62

Significant contractual liabilities with aging over 1 year

Not applicable

Significant changes in book value during the reporting period, amounts and reasons

Not applicable

40. Employee compensation

(1). Employee compensation breakdown

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
I. Short-term compensations	114,204,051.03	262,318,167.18	309,320,717.16	67,201,501.05
II. Post-employment benefits - defined contribution plans	5,581,451.36	23,863,509.40	23,378,302.45	6,066,658.31
III. Termination benefits	299,308.21	3,044,542.52	3,326,450.73	17,400.00
Total	120,084,810.60	289,226,219.10	336,025,470.34	73,285,559.36

(2). Short-term compensation breakdown

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
1. Wages, bonus, allowance and subsidy	113,282,042.05	227,106,252.78	274,396,607.52	65,991,687.31
2. Staff welfare	162,095.02	10,037,372.97	9,883,253.98	316,214.01
3. Social insurance premium	78.32	11,937,649.21	11,921,628.76	16,098.76
Including: medical insurance premium		10,978,630.58	10,962,684.19	15,946.38
Work-related injury insurance premium	78.32	489,199.84	489,125.78	152.38
Birth insurance premium		469,818.79	469,818.79	
Housing provident funds	13,551.00	9,652,267.10	9,488,972.22	176,845.89
5. Labor Union fee and staff education expenses	746,284.64	3,584,625.12	3,630,254.68	700,655.08
Total	114,204,051.03	262,318,167.18	309,320,717.16	67,201,501.05

(3). Defined contribution plan breakdown

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
1. Basic endowment insurance	208,205.97	20,260,935.24	20,251,259.03	217,882.18
2. Unemployment	379.88	877,646.96	877,338.68	688.16

insurance premium				
3. Enterprise annuity payment	5,372,865.51	2,724,927.20	2,249,704.74	5,848,087.97
Total	5,581,451.36	23,863,509.40	23,378,302.45	6,066,658.31

41. Taxes payable

Unit: RMB

Item	Ending Balance	Opening balance
VAT	23,145,061.97	38,997,243.97
Enterprise income tax	24,686,272.16	21,276,050.77
Individual income tax	1,023,995.40	1,101,633.76
Urban maintenance and construction tax	184,082.84	1,047,680.77
Education surcharges	132,497.14	748,598.11
Other	3,380,962.23	1,016,953.93
Total	52,552,871.74	64,188,161.31

42. Liabilities held for sale

Not applicable

43. Non-current liabilities due within one year

Unit: RMB

Item	Ending Balance	Opening balance
Lease liabilities due within one year	69,943,530.95	66,399,004.20
Total	69,943,530.95	66,399,004.20

44. Other current liabilities

Unit: RMB

Item	Ending Balance	Opening balance
Output tax amount to be transferred	2,078,002.76	1,589,635.30
Total	2,078,002.76	1,589,635.30

45. Long-term loans

(1) Classification of long-term loans

Not applicable

46. Bonds payable

(1) Bonds payable

Not applicable

(2) Increase/decrease in bonds payable (excluding preferred stock, perpetual bonds and other financial instruments divided into financial liabilities)

Not applicable

(3) Notes to convertible corporate bonds

Not applicable

(4) Description of other financial instruments divided into financial liabilities

Not applicable

47. Lease liabilities

Unit: RMB

Item	Ending Balance	Opening balance
Houses and buildings	111,899,576.39	113,786,386.87
Unrecognized financing charges	-2,988,410.05	-3,861,030.15
Lease liabilities due within one year	-69,943,530.95	-66,399,004.20
Total	38,967,635.39	43,526,352.52

48. Long-term payable

Not applicable

(1) Long-term payable listed by nature

Not applicable

(2) Special payable

Not applicable

49. Long-term employee compensation payable

(1) Table of long-term employee compensation payable

Not applicable

(2) Changes in defined benefit plans

Not applicable

50. Estimated liabilities

Not applicable

51. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance	Reasons for formation
Government subsidies	952,785.69			952,785.69	
Total	952,785.69			952,785.69	

Other notes:

Deferred income related to government subsidies

For details of the Company's government subsidies, please refer to Note XI.2 Liabilities related to government subsidies.

52. Other non-current liabilities

Not applicable

53. Capital stock

Unit: RMB

	Opening balance	Increase/decrease in this change (+, -)					Ending Balance
		IPO	Rights issue	Capital conversion of provident funds	Other	Sub-total	
Total number of shares	415,219,970.00				-9,355,763.00	-9,355,763.00	405,864,207.00

Other notes:

According to the Plan on the Repurchase of Partial Domestic Listed Foreign-Invested Shares (B Shares) deliberated and adopted at the 11th meeting of the 10th Board of Directors held on March 16, 2023 and the 2022 Annual General Meeting of Shareholders held on April 26, 2023, the Company is agreed to use its own funds to repurchase part of domestic listed foreign-invested shares (B Shares) through centralized bidding transactions. The cancellation of 9,355,763 B shares repurchased by the company has been completed at the China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch on May 10, 2024.

54. Other equity instruments

(1) Basic information of preferred stock, perpetual bonds and other financial instruments issued at the end of the period

Not applicable

(2) Table of changes in preferred stock, perpetual bonds and other financial instruments issued at the end of the period

Not applicable

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
Capital premium (equity premium)	968,257,185.91		54,984,906.42	913,272,279.49
Other capital reserves	21,901,847.26	906,067.21		22,807,914.47
Total	990,159,033.17	906,067.21	54,984,906.42	936,080,193.96

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

1. According to the Proposal on Granting Restricted Stocks to the Incentive Objects of the Company's 2018 A-Shares Restricted Stock Incentive Plan (Phase II) deliberated and approved by the Board of Directors and the General Meeting of Shareholders of the Company, in 1H24, the services obtained by the Company from the above incentive objects were included in the relevant costs or expenses and the "other capital reserves" was increased by RMB906,067.21 accordingly.

2. As stated in Note VII.53, the Company reduced the capital reserve by RMB54,984,906.42 for the repurchase and cancellation of B shares.

56. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
Reduction of registered capital for repurchase	64,340,669.42		64,340,669.42	
Restricted share-based payment	14,304,862.81		859,048.00	13,445,814.81
Total	78,645,532.23		65,199,717.42	13,445,814.81

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

1. As stated in Note VII.53, the Company reduced the treasury stock by RMB64,340,669.42 for the repurchase and cancellation of B shares.

2. In 1H24, the treasury stock was reduced by RMB859,048.00 for the cash dividends corresponding to the remaining restricted stocks.

57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period						Ending Balance
		Amount before income tax for the	Less: Amounts previously included	Less: Amounts previously included	Less: income tax expenses	Net income attributabl e to	Net income attributabl e to	

		current period	in other comprehensive income reclassified to profit or loss in the current period	in other comprehensive income for retained earnings in the current period		parent company	minority shareholders	
I. Other comprehensive income that cannot be transferred to profit or loss								
Including: changes in re-measurement of the defined benefit plan								
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instrument investments								
Changes in fair value of the company's credit risk								

II. Other comprehensive income that will be reclassified into profit or loss	19,325,335.93	-5,577,527.76				-5,577,527.76		13,747,808.17
Including: other comprehensive income that can be carried forward to profit and loss under the equity method								
Changes in fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive incomes								
Provision for credit impairment of other debt investments								
Cash flow hedge reserves								
Translation difference of foreign currency financial	19,325,335.93	-5,577,527.76				-5,577,527.76		13,747,808.17

statements								
Total other comprehensive income	19,325,335.93	-5,577,527.76				-5,577,527.76		13,747,808.17

58. Special reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
Work safety charges	3,223,158.06	760,556.40	218,699.04	3,765,015.42
Total	3,223,158.06	760,556.40	218,699.04	3,765,015.42

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending Balance
Legal surplus reserve	213,025,507.50			213,025,507.50
Discretionary surplus reserves	61,984,894.00			61,984,894.00
Total	275,010,401.50			275,010,401.50

Description of surplus reserves, including the changes in the current period and the reasons for the changes:

According to the provisions of the Company Law and the Articles of Association, the Company withdraws statutory surplus reserves at 10% of the net profit. If the cumulative amount of statutory surplus reserves reaches more than 50% of the registered capital of the Company, no further allocation is required.

After withdrawing the statutory surplus provident funds, the Company may withdraw any surplus provident funds. Upon approval, the any surplus provident funds can be used to make up for the losses of previous years or increase the share capital.

60. Undistributed profits

Unit: RMB

Item	Increase for the current	Previous period
Undistributed profit at the end of the previous period before adjustment	1,709,513,385.76	1,479,706,638.53
Total adjusted undistributed profit at the beginning of the period (increase +, decrease -)	0.00	0.00
Undistributed profit at the beginning of the period after adjustment	1,709,513,385.76	1,479,706,638.53
Add: Net profit attributable to owners of the parent company for the current period	147,138,482.34	333,178,102.37

Less: withdrawal of legal surplus reserves	0.00	0.00
Common stock dividends payable	162,345,682.81	103,371,355.14
Undistributed profit at the end of the period	1,694,306,185.29	1,709,513,385.76

Details of undistributed profit at the beginning of the period after adjustment

1) Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and its relevant new provisions, the retained profit at the beginning of the period was affected by RMB0.00.

2) Due to the change in accounting policies, the retained profit at the beginning of the period was affected by RMB0.00.

3) Due to the correction of major accounting errors, the retained profit at the beginning of the period was affected by RMB0.00.

4) Due to the change in the scope of consolidation caused by the same control, the retained profit at the beginning of the period was affected by RMB0.00.

5) The total impact of other adjustments on the retained profit at the beginning of the period was RMB0.00.

61. Operating income and operating costs

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	2,070,514,213.15	1,304,312,255.31	2,356,716,526.00	1,512,310,635.56
Other businesses	5,883,698.17	170,200.24	7,788,736.56	216,846.27
Total	2,076,397,911.32	1,304,482,455.55	2,364,505,262.56	1,512,527,481.83

Breakdown of operating income and operating cost:

Unit: RMB

Classification of contracts	Divisional 1		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type				
In which:				
Watch brand business	384,620,560.57	121,046,208.60	384,620,560.57	121,046,208.60
Watch retail service business	1,526,078,368.10	1,087,364,062.78	1,526,078,368.10	1,087,364,062.78
Precision technology business	88,908,749.85	77,451,749.76	88,908,749.85	77,451,749.76
Leasing business	70,906,534.63	18,450,234.17	70,906,534.63	18,450,234.17
Other	5,883,698.17	170,200.24	5,883,698.17	170,200.24
Classified by business area				
In which:				
South China	985,168,650.24	623,886,476.28	985,168,650.24	623,886,476.28
Northwest China	299,728,304.42	183,377,627.30	299,728,304.42	183,377,627.30
North China	67,039,768.59	36,074,332.54	67,039,768.59	36,074,332.54
East China	258,928,020.96	163,307,282.94	258,928,020.96	163,307,282.94
Northeast China	175,024,033.83	115,936,550.01	175,024,033.83	115,936,550.01
Southwest China	290,509,133.28	181,900,186.48	290,509,133.28	181,900,186.48

Information related to performance obligations:

See Note V.37 for details.

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the revenue corresponding to the performance obligations that have been signed but not performed or not completed is RMB0.00.

Information about variable consideration in the contract:

Not applicable

Changes in major contracts or adjustments to major transaction prices:

Not applicable

62. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Consumption tax	913,936.41	1,764,057.54
Urban maintenance and construction tax	3,480,924.40	4,791,269.83
Education surcharges	2,468,662.07	3,381,982.77
Property tax	3,689,322.24	3,557,771.54
Land use tax	203,766.80	186,994.62
Vehicle and vessel usage tax	1,020.00	2,880.00
Stamp duty	1,095,430.07	1,492,951.96
Other	407,395.56	584,547.81
Total	12,260,457.55	15,762,456.07

63. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee remuneration	66,869,323.72	83,415,424.92
Depreciation and amortization	10,112,949.88	11,499,296.13
Travel expense	1,603,647.72	2,036,742.28
Office allowance	1,670,705.64	1,561,690.78
Fees for hiring intermediary agencies	1,961,271.79	1,750,354.69
Water and electricity, property and rental fees	1,784,853.95	1,735,898.86
Business entertainment expenses	456,485.67	567,726.27
Automobile and transportation expenses	598,205.06	919,436.00
Communication charges	173,259.63	195,521.76
Other	3,983,229.48	939,637.92
Total	89,213,932.54	104,621,729.61

64. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period

Employee remuneration	181,510,506.64	184,843,963.06
Shopping malls and rental expenses	72,573,677.88	82,289,084.29
Advertising, exhibition and marketing expenses	73,779,075.70	66,569,380.88
Depreciation and amortization	91,305,090.93	91,843,176.93
Packing expenses	4,665,459.60	4,588,450.00
Water and electricity and property management fees	11,430,327.96	11,172,272.71
Transport cost	2,742,617.08	2,972,928.76
Office allowance	2,697,327.59	2,929,620.97
Travel expense	3,648,244.84	3,826,254.03
Business entertainment expenses	2,008,292.89	1,947,349.51
Other	3,424,381.29	3,291,148.06
Total	449,785,002.40	456,273,629.20

65. Research and development expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee remuneration	19,756,648.13	22,913,768.63
Sample and material costs	1,285,353.22	663,576.68
Mold fees	318,637.69	-4,970.13
Depreciation and amortization	2,382,614.08	2,243,045.93
Technical cooperation fee	1,469,929.58	444,619.97
Other	2,312,815.63	1,901,429.46
Total	27,525,998.33	28,161,470.54

66. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest expense	5,169,603.47	6,690,859.35
Less: interest income	2,185,535.51	2,432,180.03
Exchange gains and losses	944,148.29	1,335,231.32
Handling fees and others	5,694,581.34	6,594,306.18
Total	9,622,797.59	12,188,216.82

67. Other income

Unit: RMB

Sources of other income	Amount for the current period	Amount for the previous period
Government subsidies	1,414,439.38	6,691,609.41
Personal income tax service fee refund	511,868.05	
Additional deduction of VAT	1,177,577.07	

68. Net exposure hedging income

Not applicable

69. Gains from changes in fair value

Not applicable

70. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income accounted for using the equity method	89,872.06	-1,697,481.65
Interest income from fixed deposits	223,962.11	
Total	313,834.17	-1,697,481.65

71. Credit impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Losses from bad debts in notes receivable	99,659.19	621,723.41
Losses from bad debt in accounts receivable	2,486,626.83	3,558,352.90
Losses from bad debt in accounts receivable	138,392.41	153,871.31
Total	2,724,678.43	4,333,947.62

72. Asset impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
1. Inventory depreciation loss and contract performance cost impairment loss	28,336.82	
2. Losses from impairment of long-term equity investments		
3. Losses from impairment of investment properties		
4. Losses from impairment of fixed assets		
5. Losses from impairment of project materials		
6. Losses from impairment of construction in progress		
7. Losses from impairment of productive biological assets		
8. Losses from impairment of oil and gas assets		
9. Losses from impairment of		

intangible assets		
10. Losses from impairment of goodwill		
11. Losses from impairment of contract assets		
12. Others		
Total	28,336.82	

73. Income from asset disposals

Unit: RMB

Source of income from assets disposal	Amount for the current period	Amount for the previous period
Gains or losses from disposal of fixed assets	2,871,991.80	-89,254.33
Gains or losses on disposal of right-of-use assets	34,218.87	12,564.60
Total	2,906,210.67	-76,689.73

74. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in the current non-recurring profit and loss
Income from liquidated damages	685,500.07	286,740.28	685,500.07
Payable not required to be paid	250,659.03	226,699.03	250,659.03
Income from rights protection and compensation	397,868.50		397,868.50
Other	44,111.25	83,084.52	44,111.25
Total	1,378,138.85	596,523.83	1,378,138.85

75. Non-operating expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in the current non-recurring profit and loss
Losses from non-monetary asset exchange			
External donation	243,626.35		243,626.35
Fines and overdue fines	1,348.47	208,833.38	1,348.47
Liquidated damages	4,075.11	54,416.71	4,075.11
Other	29,783.42	28,351.09	29,783.42
Total	278,833.35	291,601.18	278,833.35

76. Income tax expense

(1) Table of income tax expense

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	41,957,212.02	52,147,601.16
Deferred income tax expense	4,587,823.09	4,983,918.40
Total	46,545,035.11	57,131,519.56

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

Item	Amount for the current period
Gross profit	193,683,517.45
Income tax expenses calculated at statutory/applicable tax rate	48,420,879.36
Effect of different tax rates applicable to subsidiaries	-1,174,196.24
Effect of adjusting income tax in prior periods	526,448.25
Effect of non-taxable income	-22,468.02
Effect of non-deductible costs, expenses and losses	1,066,134.58
Tax payment effect of markup deduction of research and development expenses ("-")	-2,271,762.82
Income tax expense	46,545,035.11

77. Other comprehensive income

See Note VII.57 for details.

78. Cash flow statement items

(1) Cash related to operating activities

Cash received from other operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Deposits and margin	3,891,700.17	4,310,663.92
Government subsidies	1,685,999.41	6,623,312.69
Commodity promotion expenses	3,815,826.53	6,824,544.07
Interest income	2,197,067.47	2,432,180.03
Petty cash	1,656,985.54	3,098,754.09
Other	9,515,423.83	14,009,396.39
Total	22,763,002.95	37,298,851.19

Notes of cash received from other operating activities

Not applicable

Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Deposits and margin	4,378,182.27	8,763,786.62
Petty cash	3,510,492.16	6,711,750.04
Period expense	171,248,817.83	162,631,345.85
Other	6,277,130.46	4,342,740.34
Total	185,414,622.72	182,449,622.85

Notes of cash paid for other operating activities

Not applicable

(2) Cash related to investing activities

Cash received from other investing activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Recovery of fixed deposits	120,049,969.61	
Total	120,049,969.61	

Cash received from significant investing activities

Not applicable

Cash paid for other investing activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Purchase of fixed deposit products	165,092,806.07	
Total	165,092,806.07	

Cash paid for important investing activities

Not applicable

(3) Cash related to financing activities

Cash received from other financing activities

Not applicable

Cash paid for other financing activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Lease cash outflow	58,174,682.07	56,886,698.46
Payment for share repurchase	79,409.91	35,483,644.86
Total	58,254,091.98	92,370,343.32

Notes of cash paid for other financing activities:

Not applicable

Changes in liabilities arising from financing activities:

Not applicable

(4) Notes to net presentation of cash flows

Not applicable

(5) Major activities and financial impacts that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the cash flows of the enterprise in the future

Not applicable

79. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Additional information	Amount in current period	Amount of previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	147,138,482.34	187,395,067.23
Plus: provision for asset impairment	-2,753,015.25	-4,333,947.62
Depreciation of fixed assets, consumption of oil and gas assets and productive biological assets	21,248,775.43	20,546,291.19
Depreciation of right-of-use asset	52,808,948.49	50,579,624.79
Amortization of intangible assets	1,821,341.36	1,853,819.12
Long-term unamortized expenses	37,505,025.77	46,620,603.57
Losses from disposal of fixed assets, intangible assets and other long-term assets (income to be listed with "-")	-2,906,210.67	76,689.73
Losses from discarding of fixed assets (income to be listed with "-")		
Losses from fair value changes (income to be listed with "-")		
Financial expenses (income to be listed with "-")	6,113,751.76	8,026,090.67
Investment loss (income to be listed with "-")	-313,834.17	1,697,481.65
Decrease in deferred income tax assets (increase to be listed with "-")	4,333,902.49	3,681,918.71
Increase in deferred income tax liabilities (decrease to be listed with "-")	253,920.60	-57,196.06
Decrease in inventory (increase to be listed with "-")	-25,957,816.56	56,107,015.08
Decrease in operating receivables (increase to be listed with	-29,498,881.56	-73,392,204.29

"-")		
Increase in operating payables (decrease to be listed with "-")	-73,263,593.51	45,858,589.85
Other		
Net Cash Flows from Operating Activities	136,530,796.52	344,659,843.62
II. Significant investing and financing activities not related to cash deposit and withdrawal		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	404,356,009.13	519,368,795.12
Less: Beginning balance of cash	504,629,153.71	313,747,463.64
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-100,273,144.58	205,621,331.48

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

Not applicable

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

Not applicable

(4). Composition of cash and cash equivalents

Unit: RMB

Item	Ending Balance	Opening balance
I. Cash	404,356,009.13	504,629,153.71
Including: Petty cash	107,494.56	178,996.87
Bank deposits available for immediate payment	402,139,278.38	503,187,176.88
Other monetary funds available for immediate payment	2,109,236.20	1,262,979.96
II. Cash equivalents		
Including: bond investment due within three months		
III. Closing balance of cash and cash equivalents	404,356,009.13	504,629,153.71

Including: cash and cash equivalents restricted for use by the parent company or subsidiaries within the group	1,951,883.15	1,202,601.86

(5) The situation where the scope of use is limited but still belongs to the presentation of cash and cash equivalents

Unit: RMB

Item	Amount in current period	Amount of previous period	Reasons for remaining cash and cash equivalents
Cash in bank	1,951,883.15	1,202,601.86	The remittance of funds deposited in overseas accounts of the company's overseas subsidiaries is restricted, which does not affect the daily use.
Total	1,951,883.15	1,202,601.86	

(6) Cash not belonging to cash and cash equivalents

Not applicable

(7) Description of other major activities

Not applicable

80. Notes to items of the statement of changes in Owners' equity

Not applicable

81. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Foreign currency ending balance	Conversion exchange rate	Balance converted into RMB at the end of the period
Cash and bank balances			6,824,404.89
Including: USD	273,845.27	7.1268	1,951,640.49
EUR	181,785.03	7.6617	1,392,782.33
HKD	1,671,648.98	0.9127	1,525,680.59
CHF	245,913.79	7.9471	1,954,301.48
Accounts receivable			6,181,874.23
Including: USD	406,931.54	7.1268	2,900,119.70
EUR		7.6617	
HKD	3,390,101.20	0.9127	3,094,077.56
CHF	23,615.78	7.9471	187,676.97
Other receivables			789,748.94
Including: HKD	769,061.82	0.9127	701,907.34
CHF	11,053.29	7.9471	87,841.60

Accounts payable			813,157.24
Including: USD	1,019.00	7.1268	7,262.21
HKD	754,624.08	0.9127	688,730.30
CHF	14,743.08	7.9471	117,164.73
Other payables			627,505.26
Including: USD	9,339.10	7.1268	66,557.92
HKD	252,649.49	0.9127	230,588.13
CHF	41,569.78	7.9471	330,359.20
Long-term loans			
Including: USD			
EUR			
HKD			

(2) Description of overseas operating entities, including for important overseas operating entities, the main overseas business place, functional currency and selection basis shall be disclosed, and the reasons for changes in functional currency shall also be disclosed.

Not applicable

82. Leasing

(1) The Company as the lessee

See Note 25, Note 47 and Note 79 for the Company's right-of-use assets, lease liabilities and total cash outflow related to leases. The Company, as the lessee, is included in the profit and loss as follows:

Item	Amount for the current period	Amount for the previous period
Interest on lease liabilities	2,155,222.71	2,222,605.26
Short-term leases expenses	76,946.63	496,529.80
Low-value asset leases expenses		
Variable lease payments not included in the measurement of lease liabilities	38,721,311.76	45,887,165.30
Revenue from subleasing right-of-use assets		
Sale and leaseback transactions		

The Company, as the lessee, other information as follows:

Leasing activities

The Company's leases are all houses and buildings, including short-term leases simplified and treated, and leases other than short-term leases recognized as the right-of-use assets and lease liabilities.

Variable lease payments not included in the measurement of lease liabilities

1) Variable lease payments

The lessee has a large number of real estate leases for retail stores, and many leases contain variable payment terms linked to store sales.

Many of our real estate leases contain variable lease payment terms linked to the sales volume of the leased stores. Where possible, the Company uses these terms to match lease payments with stores that generate more cash flows. For individual stores, up to 100% of the lease payment can be based on variable payment terms, and the sales scale used is relatively large. In some cases, variable payment terms also include the bottom line and upper limit of annual payment

In 1H24, the variable lease payments included in the current profit and loss were RMB38,721,311.76.

2) Renewal option

Many of the lease contracts signed by the Company contain renewal options, and the Company has reasonably estimated the exercise of the renewal options when measuring the lease liabilities to determine the lease term.

3) Termination of lease option

Some of the lease contracts signed by the Company contain the option to terminate the lease. and the Company has reasonably estimated the exercise of the termination of lease options when measuring the lease liabilities to determine the lease term.

4) Residual value guarantee

There is no residual value guarantee for the Company's leases.

5) Lease committed by the lessee but not yet started

There is no lease committed by the lessee but not yet started

Simplified treatment of short-term leases or leasing fees for low-value assets

The Company's short-term leases, which are simplified in processing, include leases with a term of no more than 12 months and without purchase options, as well as leases completed within 12 months after the initial implementation of "Accounting Standard for Business Enterprises No. 21 - Leases." In 1H24, the short-term rental expenses included in the current profit and loss were RMB76,946.63.

Circumstances involving sale and leaseback transactions

Not applicable

(2) The Company as the lessor

Operating lease as a lessor

Unit: RMB

Item	Leasing income	Including: income related to variable lease payments not included in the lease receipts
Lease of houses and buildings	70,906,534.63	0.00
Total	70,906,534.63	0.00

Financing lease as a lessor

Not applicable

Undiscounted lease receipts for each of the next five years

Not applicable

Reconciliation table of undiscounted lease receipts and net lease investment

Not applicable

(3) Recognize profit or loss on finance lease sales as a manufacturer or distributor

Not applicable

83. Data resources

Not applicable

84. Others

8. R&D expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee remuneration	19,756,648.13	22,913,768.63
Sample and material costs	1,285,353.22	663,576.68
Mold fees	318,637.69	-4,970.13
Depreciation and amortization	2,382,614.08	2,243,045.93
Technical cooperation fee	1,469,929.58	444,619.97
Other	2,312,815.63	1,901,429.46
Total	27,525,998.33	28,161,470.54
Including: Expensed R&D expenditures	27,525,998.33	28,161,470.54
Capitalized R&D expenditures	0.00	0.00

1. R&D projects eligible for capitalization

Not applicable

2. Important outsourcing projects under research

Not applicable

9. Changes in the scope of consolidation

1. Business combination not under common control

(1) Business combination not under common control occurred in the current period

Not applicable

(2) Combination costs and goodwill

Not applicable

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Not applicable

(4) Gains or losses arising from the re-measurement of equity held before the acquisition date at fair value

Whether there is a transaction that achieves the business combination step by step through multiple transactions and obtains the control during the reporting period
No

(5) Relevant explanations for the inability to reasonably determine the acquisition consideration or the fair value of identifiable assets and liabilities of the acquiree at the acquisition date or the end of the reporting period of combination.

Not applicable

(6) Other notes

Not applicable

2. Business combination under common control

(1) Business combination under common control occurred in the current period

Not applicable

(2) Combination cost

Not applicable

(3) Book value of the combined party's assets and liabilities on the combination date

Not applicable

3. Reverse acquisition

Not applicable

4. Disposal of subsidiaries

Whether there is any transaction or event that results in the loss of control over the subsidiaries in the current period

No

Whether there is a situation where the investment in subsidiaries is disposed of through multiple transactions and the control is lost in the current period

No

5. Changes in the scope of consolidation for other reasons

Not applicable

6. Others

Not applicable

10. Equity interests in other entities

1. Equity in subsidiaries

(1) Composition of the enterprise group

Unit: RMB

Name of subsidiaries	Registered Capital	Main business premise	Registration place	Nature of business	Percentage of shares		Method of acquisition
					Direct	Indirect	
Shenzhen Harmony World Watch Centre 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	99.00%	1.00%	Establishment or investment
Shenzhen FIYTA STD Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment or investment
Shenzhen Harmony World Watch Centre 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 Horologe (Shenzhen) Co., Ltd.	41,355,200.00	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Liaoning Hengdarui Commerce and Trade Co., Ltd.	51,000,000.00	Shenyang	Shenyang	Commerce	100.00%		Business combination under common control
Temporal (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

Description of the shareholding ratio in the subsidiary that is different from the voting rights ratio:

Not applicable

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Not applicable

For important structured entities included in the scope of consolidation, basis for control:

Not applicable

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

Not applicable

(2) Significant non-wholly-owned subsidiaries

Not applicable

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

Not applicable

(4) Major restrictions on the use of the assets of the enterprise group and the settlement of the debts of the enterprise group

Not applicable

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Not applicable

2. Transactions of changes in the share of Owners' equity in subsidiaries and still control the subsidiaries

(1) Description of changes in the share of Owners' equity in subsidiaries

Not applicable

(2) Impact of the transaction on minority equity and equity attributable to shareholders

Not applicable

3. Equity in joint venture arrangements or associates

(1) Important joint ventures or associated enterprises

Name of joint venture or associated enterprise	Main business premise	Registration place	Nature of business	Percentage of shares		Accounting treatment of investments in joint ventures or associated enterprise
				Direct	Indirect	

Shanghai Watch Industry Co., Ltd.	Shanghai	Shanghai	Commerce	25.00%		Equity method

Description of the different shareholding scales of joint ventures or associated enterprises from the voting scale:

Not applicable

Basis for holding less than 20% of voting rights but having significant influence, or holding 20% or more of voting rights but not having significant influence:

Not applicable

(2) Main financial information of important joint ventures

Not applicable

(3) Main financial information of important associated enterprise

Unit: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
Current assets	185,298,448.35	165,796,119.65
Non-current assets	13,596,917.44	16,753,785.07
Total assets	198,895,365.79	182,549,904.72
Current liabilities	76,767,544.41	60,781,571.60
Non-current liabilities		
Total liabilities	76,767,544.41	60,781,571.60
Minority interests		
Equity attributable to shareholders of the parent company	122,127,821.38	121,768,333.12
Share of net assets calculated by shareholding scale	30,531,955.34	30,442,083.28
Adjustment matters	21,420,524.02	21,420,524.02
- Goodwill	21,420,524.02	21,420,524.02
- Unrealized profits from internal transactions		
- Others		
Book value of equity investment in associated enterprise	51,952,479.36	51,862,607.30
Fair value of equity investments in associated enterprises at publicly quoted prices		
Operating revenue	58,283,918.10	63,610,760.47
Net profit	359,488.26	-6,789,926.61
Net profits from discontinued operations		
Other comprehensive income		
Total comprehensive income	359,488.26	-6,789,926.61
Dividends received from associated		

enterprise in the current year		

(4) Summary financial information of insignificant joint ventures and associated enterprise

Not applicable

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

Not applicable

(6) Excess losses incurred by joint ventures or associated enterprise

Not applicable

(7) Unrecognized commitments related to investment in joint ventures

Not applicable

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

Not applicable

4. Important joint operation

Not applicable

5. Equity in structured entities not included in the scope of consolidated financial statements

Not applicable

6. Others

Not applicable

11. Government subsidies

1. Government subsidies recognized as receivable at the end of the reporting period

Not applicable

2. Liability items involving government subsidies

Unit: RMB

Accounting item	Opening balance	Amount of new subsidies in	Amount included in non-	Amount transferred to other	Other changes in the current	Ending Balance	Related to assets/income

		the current period	operating income in the current period	income in the current period	period		
Deferred income	952,785.69					952,785.69	Related to assets

3. Government subsidies included in the current period's profit and loss

Unit: RMB

Accounting item	Amount for the current period	Amount for the previous period
Other income	1,414,439.38	6,691,609.41

12. Risks related to financial instruments

1. Various risks arising from financial instruments

The Company's main financial instruments include cash, equity investment, borrowings, accounts receivable, accounts payable, etc. In daily activities, it faces the risks of various financial instruments, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are as follows:

The Board of Directors is responsible for planning and establishing the risk management framework of the Company, formulating the risk management policies and relevant guidelines of the Company, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses the changes in the market environment and the Company's operating activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates relevant risks through close cooperation with other business departments of the Company. The internal Audit Department of the Company conducts regular audits on risk management controls and procedures, and reports the audit results to the Audit Committee of the Company. The Company diversifies the risks of financial instruments through appropriate diversified investments and business combinations, and reduces the risks of concentration in a single industry, a specific region or a specific counter party by formulating corresponding risk management policies.

1. Credit risk

Credit risk refers to the risk of financial loss to the company resulting from a counter party's failure to fulfill contractual obligations. Management has established appropriate credit policies and continuously monitors the exposure to credit risk.

The Company has adopted a policy of only dealing with creditworthy counter parties. In addition, the Company assesses customers' creditworthiness based on their financial condition, the possibility of obtaining guarantees from third parties, credit history, and other factors such as current market conditions, and sets corresponding credit terms. The Company continuously monitors the balances and recovery of notes receivable and accounts receivable. For customers with poor credit history, the company uses measures such as written reminders, shortening credit terms, or canceling credit terms to ensure that the company does not face significant credit losses. In addition, the Company reviews the recovery of financial assets on each date of Balance Sheet to ensure that the relevant financial assets have been fully provisioned for expected credit losses.

The Company's other financial assets include cash, accounts receivable, and other receivables. The credit risk of these financial assets arises from counter party default, with the maximum credit risk exposure being the carrying amount of each financial asset as stated on the balance sheet. The Company has not provided any other guarantees that may expose the Company to credit risks.

The Company's cash is primarily deposited with state-controlled banks and other large and medium-sized commercial banks. Management believes that these commercial banks have high creditworthiness and sound financial conditions, posing no significant credit risk, and are not expected to incur any substantial losses due to counter party default. The Company's policy is to control the amount of deposits held with various reputable financial institutions based on their market reputation, operating scale, and financial background, in order to limit the credit risk exposure to any single financial institution.

As part of the management of the Company's credit risk assets, the Company uses aging to assess the impairment loss of accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers. The aging information can reflect these customers' ability to pay accounts receivable and other receivables, as well as the risk of bad debts. The Company calculates the historical actual bad debt rate for different aging periods based on historical data and adjusts it considering forward-looking information, such as forecasts of current and future economic conditions, including national GDP growth and national monetary policy, to derive the expected loss rate. For long-term receivables, the Company makes a reasonable assessment of the expected credit loss after comprehensively considering the settlement period, the payment period agreed in the contract, the debtor's financial situation and the economic dynamics of the debtor's industry, and considering the above-mentioned forward-looking information.

As of June 30, 2024, the book balance and expected credit loss of related assets are as follows:

Item	Book balance	Impairment provision
Notes receivable	16,654,813.30	316,420.99
Accounts receivable	387,392,159.53	31,908,693.72
Other receivables	63,646,417.76	4,209,877.23
Total	467,693,390.59	36,434,991.94

Due to the Company having a wide range of customers, there is no significant concentration of credit risk.

As of June 30, 2024, the accounts receivable of the Company's top five customers accounted for 21.01% (in 2023: 21.42%) of the Company's total accounts receivable.

2. Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligations to settle by delivering cash or other financial assets. The member companies subordinate to the Company are responsible for their own cash flow forecasts. The company continuously monitors the short-term and long-term funding needs at the corporate level based on the cash flow forecasts of its member enterprises to ensure adequate cash reserves. Additionally, it continuously monitors compliance with loan agreements and secures commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term funding needs. In addition, the Company entered into financing line credit agreements with major business banks to provide support for the Company to perform its obligations related to commercial paper. As of June 30, 2024, the company has bank credit lines provided by a number of domestic banks, amounting to RMB2,348,784,900, of which: the used credit amount is RMB458,784,900.

As of June 30, 2024, the Company's financial liabilities and off-balance sheet guarantee items are presented in terms of undiscounted contractual cash flows according to the remaining term of the contract as follows:

Item	Ending balance (RMB10,000)				
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
Short-term loans	32,020.73				32,020.73

Accounts payable	13,137.23				13,137.23
Other payables	11,079.31				11,079.31
Total	56,237.27	-	-	-	56,237.27

3. Market risk

1) Exchange rate risk

Except that the subsidiary established in Hong Kong holds assets with HKD as the settlement currency and the sub-subsidiary established in Switzerland holds assets with CHF as the settlement currency, other main business activities of the Company are mainly settled with RMB. However, the Company's recognized foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets, liabilities and foreign currency transactions are mainly denominated with HKD and CHF) still have exchange rate risks.

As of June 30, 2024, the amounts of foreign currency financial assets and foreign currency financial liabilities held by the Company converted into RMB are listed as follows:

Item	Ending Balance				
	HKD items	USD items	Euro items	CHF items	Total
Foreign currency financial assets:					
Cash and bank balances	1,525,680.59	1,951,640.49	1,392,782.33	1,954,301.48	6,824,404.89
Accounts receivable	3,094,077.56	2,900,119.70	-	187,676.97	6,181,874.23
Other receivables	701,907.34			87,841.60	789,748.94
Sub-total	5,321,665.49	4,851,760.19	1,392,782.33	2,229,820.05	13,796,028.05
Foreign currency financial liabilities:					
Accounts payable	688,730.30	7,262.21		117,164.73	813,157.24
Other payables	230,588.13	66,557.92		330,359.20	627,505.26
Sub-total	919,318.43	73,820.13	-	447,523.93	1,440,662.50

Sensitivity analysis:

As of June 30, 2024, for the Company's various foreign currency financial assets and foreign currency financial liabilities, if the RMB appreciates or depreciates by 5% against foreign currencies and other factors remain unchanged, the Company will reduce or increase the net profit by about RMB617,700 (about RMB129,500 in 2023).

2) Interest rate risk

The Company's interest rate risk mainly arises from bank borrowings. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, and financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative scale of fixed-rate and floating-rate contracts according to the market environment at that time.

The Company's Financial Department continuously monitors company's interest rate level. An increase in interest rates will raise the cost of new interest-bearing debt and the interest expenses on the company's existing floating-rate debt, significantly adversely affecting the company's financial performance. Management will make timely adjustments based on the latest market conditions to mitigate interest rate risk.

Sensitivity analysis:

As of June 30, 2024, if the borrowing interest rate calculated at the floating interest rate increases or decreases by 50 basis points, while other factors remain unchanged, the Company's net profit will decrease or increase by about RMB800,000 (about RMB307,300 in 2023).

The sensitivity analysis above assumes that interest rate changes have occurred on the date of Balance Sheet and have been applied to all loans obtained by the Company at floating interest rates.

2. Hedging

(1) The company carries out hedging business for risk management

Not applicable

(2) The company carries out eligible hedge business and applies hedge accounting

Not applicable

(3) The company carries out hedging business for risk management, and is expected to achieve the risk management objectives but has not applied hedge accounting

Not applicable

3. Financial assets

(1) Classification of transfer methods

Unit: RMB

Transfer methods	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Determination basis of derecognition
Discount and endorsement	Bank acceptance bill	24,056,305.26	Derecognized	Banks with high creditworthiness undertake bills of exchange with minimal credit risk
Total		24,056,305.26		

(2) Financial assets derecognized due to transfer

Unit: RMB

Item	Way of transfer of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Bank acceptance bill	Discount and endorsement	24,056,305.26	0.00
Total		24,056,305.26	0.00

(3) Assets transfer financial assets that continue to be involved

Not applicable

13. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Not applicable

2. Basis for determining the market price of items measured at fair value of the first level on a continuous and non-continuous basis

Not applicable

3. Qualitative and quantitative information on valuation techniques and important parameters adopted for continuous and non-continuous Level 2 fair value measurement items

Not applicable

4. Qualitative and quantitative information on valuation techniques and important parameters adopted for continuous and non-continuous Level 3 fair value measurement items

Not applicable

5. Sensitivity analysis of adjustment information and non-observable parameters between opening and closing book value of continuous third-level fair value measurement items

Not applicable

6. For items measured at fair value on a going concern, if there is any transfer between different levels in the current period, the reason for the transfer and the policy for determining the transfer time

Not applicable

7. Changes in valuation techniques in the current period and the reasons for the changes

Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Not applicable

9. Others

Not applicable

14. Related parties and related transactions

1. Parent company information

Parent company name	Registration place	Nature of business	Registered Capital	Shareholding scale of the parent company in the Company	Voting rights scale of the parent company in the Company
AVIC International Holding Co., Ltd.	Shenzhen	Commercial services	RMB1,166,162,000.00	40.16%	40.16%

Description of the parent company

AVIC International Holdings Limited is a 100.00% indirectly owned subsidiary of AVIC International Holding Corporation Aviation Industry Corporation of China, LTD. holds 100.00% equity of AVIC International Holding Corporation

The ultimate controller of the enterprise is Aviation Industry Corporation of China, LTD.

2. Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note X.1.

3. Joint ventures and associates of the Company

See Note X.3 for details of the important joint ventures or associates of the enterprise.

4. Other related parties

Names of other related parties	Relationship between other related parties and the enterprise
AVIC Property Management Co., Ltd. (AVIC Property)	Associated enterprise of the actual controller
Rainbow Digital Commercial Co., Ltd. (Rainbow)	Controlled by the same party
Shennan Circuits Co., Ltd. (SCC)	Controlled by the same party
AVIC East China Optoelectronics (Shanghai) Co., Ltd. (East China Optoelectronics (Shanghai))	Controlled by the same party
AVIC Xi'an Flight Automatic Control Research Institute (AVIC Xi'an Flight Automatic Control Research Institute)	Controlled by the same party
Shenzhen Grand Skylight Hotel Management Co., Ltd. (Grand Skylight Hotel Management)	Controlled by the same party
AVIC Securities Co., Ltd. (AVIC Securities Company)	Controlled by the same party
Shenzhen AVIC Group Training Center (AVIC Training Center)	Controlled by the same party
AVIC Finance Co., Ltd. (AVIC Finance Company)	Controlled by the same party
Gongqingcheng AVIC Cultural Investment Co., Ltd.(Gongqingcheng AVIC Cultural Investment)	Controlled by the same party
AVIC Jonhon Optronic Technology Co., Ltd. (AVIC JONHON)	Controlled by the same party
AVIC International Holdings (Zhuhai) Co., Ltd. (AVIC INTL (Zhuhai))	Controlled by the same party
Guizhou Huayang Electronics Co., Ltd. (Guizhou Huayang Electronics)	Controlled by the same party
Zhuhai Pilot Composite Material Technology Co., Ltd. (Zhuhai PilotTechnology)	Controlled by the same party
Guangdong International Mansion Industrial Co., Ltd.(Guangdong International Mansion)	Controlled by the same party
Shenzhen AVIC Technical Testing Institute Co., Ltd. (Shenzhen AVIC Technical Testing Institute)	Controlled by the same party
Shenyang Xinghua AVIC Electrical Appliance Co., Ltd. (Shenyang Xinghua)	Controlled by the same party
Shenzhen AVIC Changtai Investment Development Co., Ltd. (AVIC Changtai)	Controlled by the same party
AVIC Futures Co., Ltd. (AVIC Futures)	Controlled by the same party
Anhui AVIC Display Technology Co., Ltd. (Anhui AVIC)	Controlled by the same party
Shenzhen Aero-Fasteners MFG Co., Ltd. (SHBC)	Controlled by the same party
Castic-SMP Machinery Corp.Ltd. (CSM)	Controlled by the same party
Shijiazhuang Aircraft Industry Co., Ltd. (Shijiazhuang Aircraft Industry)	Controlled by the same party
Sichuan Aviation Industry Chuanxi Machinery Co., Ltd. (Sichuan Chuanxi Machinery)	Controlled by the same party
AVIC International Holding Corporation (AVIC INTL)	Controlled by the same party

Company Director, Manager, Chief Financial Officer and Secretary of the Board of Directors (key management personnel)	Key management personnel

5. Related party transactions

(1) Related transactions for the purchase and sale of commodities, the provision and receipt of services

Purchase of goods/receipt of labor services

Unit: RMB

Related party	Content of related party transaction	Amount for the current period	Approved transaction limit	Whether the transaction limit is exceeded	Amount for the previous period
AVIC Property	Water and electricity and property management fees	5,642,393.30	65,000,000.00	No	5,600,171.42
Rainbow Digital Commercial Co., Ltd.	Shopping mall expenses/commodity purchase	9,301,602.91		No	1,939,136.26
China Aviation City Real Estate (Kunshan) Co., Ltd.	Shopping mall expenses	33,486.54		No	32,726.23
Jiufang Commercial Management Co., Ltd.	Shopping mall expenses	64,792.60		No	45,347.58
AVIC Nanguang Office	Elevator maintenance premium	12,286.27		No	18,000.00
AVIC Louyu Office	Fire fighting maintenance fee	4,740.00		No	
Gongqingcheng AVIC Cultural Investment Co., Ltd.	Shopping mall expenses	8,478.92		No	

Sales of goods/rendering of services

Unit: RMB

Related party	Content of related party transaction	Amount for the current period	Amount for the previous period
Rainbow Digital Commercial Co., Ltd.	Products and services	24,031,549.70	30,348,264.13
SCC	Sales of materials and rendering of services		460.80
Gongqingcheng AVIC Cultural Investment Co., Ltd.	Product sales	175,983.10	154,635.87
AVIC JONHON	Product sales	1,865.30	406,907.87
AVIC INTL	Product sales	2,824.77	
East China Optoelectronics (Shanghai)	Product sales	10,619.47	
Guizhou Huayang Electronics	Product sales	5,309.73	
Zhuhai PilotTechnology	Product sales		75,711.51
Shenyang Xinghua	Product sales	739,635.19	145,831.01

Shijiazhuang Aircraft Industry	Product sales	234,915.96	
Sichuan Chuanxi Machinery	Product sales	70,796.46	

(2) Associated trusteeship/contracting and commissioned management/outsourcing situation

Not applicable

(3) Related leasing

As the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
AVIC Property	Premises	2,477,133.06	2,677,492.91
AVIC Securities Company	Premises	705,942.84	705,942.84
Rainbow Digital Commercial Co., Ltd.	Premises	274,857.12	309,104.34
AVIC Futures	Premises	44,700.47	

The Company as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Simplified processing of rental fees for short-term leases and leases of low-value assets (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on assumed lease liabilities		Increase in right-of-use assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
China Aviation City Real Estate (Kunshan) Co., Ltd.	Premises					67,714.26	71,100.00	791.99	580.08	-66,765.72	-66,767.11
Jiufang Commercial Management Co., Ltd.	Premises			455.75	41,544.03	197,522.76	136,406.96	6,947.61	4,179.58		145,907.09
Rainbo	Premis					78,102	218,27	1,463.	6,473.	-	-

w Digital Commercial Co., Ltd.	es					.84	1.00	37	23	75,092.94	195,898.05

(4) Related guarantees

Not applicable

(5) Loans from and to related parties

Not applicable

(6) Assets transfer and debt restructuring of related parties

Not applicable

(7) Remuneration of key management personnel

Not applicable

(8) Other related party transactions

As at the end of the current year, the balance of deposits placed by the Company in AVIC Finance amounted to RMB380,786,934.73, of which the deposit interest received in the current year amounted to RMB210,559.83.

6. Receivables from and payable to related parties

(1) Receivable items

Unit: RMB

Item	Related party	Ending Balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Cash in bank					
	AVIC Finance	380,786,934.73		467,743,798.76	
Accounts receivable					
	Rainbow Digital Commercial Co., Ltd.	2,490,562.71	115,297.65	5,973,322.25	248,095.43
	AVIC JONHON	162,478.08	7,311.51	202,712.86	12,162.77
	Gongqingcheng AVIC Cultural Investment Co., Ltd.	56,510.95	2,825.55	22,684.75	832.29
	Shenyang Xinghua	848,596.59	38,186.85	292,370.58	17,542.23
	AVIC Property	245,170.39	12,258.52	183,123.05	9,156.15
	Guizhou Huayang			21,260.00	1,275.60

	Electronics				
	Anhui AVIC			15,800.00	790.00
	AVIC Securities Company	247,080.00	12,354.00		
	Sichuan Chuanxi Machinery	40,000.00	1,800.00		
Notes receivable					
	Zhuhai PilotTechnology			892,185.99	44,609.30
	Shenyang Xinghua	194,183.16		192,339.42	
Other receivables					
	Rainbow Digital Commercial Co., Ltd.	855,943.00	42,797.15	834,903.00	43,170.15
	Gongqingcheng AVIC Cultural Investment Co., Ltd.	6,500.00	325.00	6,500.00	325.00
	AVIC Property	133,990.00	6,699.50	143,990.00	7,199.50

(2) Payable items

Unit: RMB

Item	Related party	Book balance at period end	Beginning book balance
Accounts payable			
	AVIC Property		32,992.35
	AVIC JONHON		391.96
Other payables			
	AVIC Property	1,058,235.04	1,023,487.21
	AVIC Securities Company	247,080.00	247,080.00
	AVIC Louyu Office	14,808.41	
	Rainbow Digital Commercial Co., Ltd.	96,200.00	1,935,611.93
	AVIC Changtai		4,064.81
	AVIC Nanguang Office	23,943.22	
Prepayments			
	AVIC Securities Company		123,540.00
	AVIC Futures		9,435.48
	AVIC INTL	7,640.00	

7. Commitments of related parties

Not applicable

8. Others

Not applicable

15. Share-based payment

1. Overall situation of share-based payment

Unit: RMB

Category of grant object	Grant in the current period		Exercise in the current period		Unlocked in the current period		Invalid in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount

2. Equity-settled share-based payment

Unit: RMB

Determination method for the fair value of equity instruments on the grant date	Closing price of the company's shares on the date of grant
Important parameters for the fair value of equity instruments on the grant date	Employee service period, achievement rate of performance indicator and employee personal performance evaluation results
Determination basis for the number of exercisable equity instruments	For equity-settled share-based payments exchanged for employee services that can only be exercised after the completion of the vesting period or upon meeting specified performance conditions, at each balance sheet date during the vesting period, the company should account for the fair value of the equity instruments granted on the grant date, based on the best estimate of the number of equity instruments expected to vest, by including the cost of the services received for the period in the relevant costs or expenses and capital reserves. At the Balance Sheet Date, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates, adjustments should be made. The number of equity instruments should be adjusted to the actual number vested on the vesting date.
Reasons for significant differences between the estimates in the current period and those in the previous period	None
Cumulative amount of equity-settled share-based payment included in capital reserves	28,815,350.76
Total expenses recognized in the equity-settled share-based payment in the current period	906,067.21

3. Cash-settled share-based payment

Not applicable

4. Share-based payment expenses in the current period

Unit: RMB

Category of grant object	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Some Directors, Supervisors, Senior Executives and core backbones of the company	906,067.21	
Total	906,067.21	

5. Modification and termination of share-based payment

Not applicable

6. Others

Not applicable

16. Commitments and contingencies

1. Important commitments

Significant commitments existing on the Balance Sheet Date

1. Signed lease contracts being performed or to be performed and their financial impact

See Note VII. 82 for details

2. Significant contingencies existing on the Balance Sheet Date

There were no significant contingencies required to be disclosed.

2. Contingencies

(1). Significant contingencies existing on the Balance Sheet Date

Not applicable

(2) If the company has no important contingencies required to be disclosed, it shall also be explained

There were no significant contingencies required to be disclosed.

3. Others

Segment information

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system. The Company's operating segment refers to the component that meets the following conditions at the same time:

(1) The component can generate income and expenses in daily activities;

(2) The management is able to regularly evaluate the operating results of the component in order to determine the allocation of resources to them and evaluate their performance;

(3) The financial position, operating results, cash flows and other relevant accounting information of the component can be obtained.

The Company determines report segments on the basis of operating segments, and the operating segments that meet one of the following conditions are recognized as report segments:

(1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;

(2) The absolute amount of the segment's profit (loss) accounts for 10% or more of the greater of the total profit of all profitable segments or the total loss of all loss-making segments.

The Company operates a single line of business, primarily the production and sale of watches. Management views and manages this business as a whole and evaluates its operating results accordingly. Therefore, this financial statement does not report segment information.

As of June 30, 2024, the Company had no other significant events that should be disclosed.

17. Events after the balance sheet date

1. Important non-adjusting matters

Not applicable

2. Profit distribution

Not applicable

3. Sales returns

Not applicable

4. Notes to other events after the Balance Sheet Date

18. Other significant events

1. Correction of accounting previous errors

(1) Retrospective restatement method

Not applicable

(2) Future applicable law

Not applicable

2. Debt restructuring

Not applicable

3. Assets replacement

(1) Exchange of non-monetary assets

Not applicable

(2) Replacement of other assets

Not applicable

4. Annuity plan

Not applicable

5. Discontinued operation

Not applicable

6. Segment information

(1) Determination basis and accounting policies for report segments

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system. The Company's operating segment refers to the component that meets the following conditions at the same time:

(1) The component can generate income and expenses in daily activities;

(2) The management is able to regularly evaluate the operating results of the component in order to determine the allocation of resources to them and evaluate their performance;

(3) The financial position, operating results, cash flows and other relevant accounting information of the component can be obtained.

The Company determines report segments on the basis of operating segments, and the operating segments that meet one of the following conditions are recognized as report segments:

(1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;

(2) The absolute amount of the segment's profit (loss) accounts for 10% or more of the greater of the total profit of all profitable segments or the total loss of all loss-making segments.

The Company operates a single line of business, primarily the production and sale of watches. Management views and manages this business as a whole and evaluates its operating results accordingly. Therefore, this financial statement does not report segment information.

(2) Financial information of report segments

Not applicable

(3) If the company has no report segments, or cannot disclose the total assets and total liabilities of each report segment, it shall explain the reasons

Not applicable

(4) Other notes

Not applicable

7. Other important transactions and events that affect the decision-making of investors

Not applicable

8. Others

Not applicable

19. Notes to the major items of the Parent Company's Financial Statements

1. Accounts receivable

1. Disclosure by aging

Unit: RMB

Aging	Book balance at period end	Beginning book balance
Within 1 year (including 1 year)	11,424,830.46	1,875,782.07
1-2 years	341,772.29	23,346.03
Total	11,766,602.75	1,899,128.10

(2). Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Ending Balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Scale	Amount	Drawing percentages		Amount	Scale	Amount	Drawing percentages	
Accounts receivable with provision for bad debts by individual										
In which:										
Accounts receivable with provision for bad debts by combination	11,766,602.75	100.00%	590,818.06	5.02%	11,175,784.69	1,899,128.10	100.00%	76,211.49	4.01%	1,822,916.61
In which:										

Receivables from other customers	11,469,482.48	97.47%	590,818.06	5.15%	10,878,664.42	1,898,159.02	99.95%	76,211.49	4.02%	1,821,947.53
Combination of related parties within the scope of consolidation	297,120.27	2.53%		0.00%	297,120.27	969.08	0.05%		0.00%	969.08
Total	11,766,602.75	100.00%	590,818.06	5.02%	11,175,784.69	1,899,128.10	100.00%	76,211.49	4.01%	1,822,916.61

Category name of provision for bad debts by combination: accounts receivable from other customers

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Receivables from other customers	11,469,482.48	590,818.06	5.15%
Total	11,469,482.48	590,818.06	

Description of the basis for determining the combination:

Not applicable

Name of provision for bad debts by combination: combination of related parties within the scope of consolidation

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of related parties within the scope of consolidation	297,120.27		
Total	297,120.27		

Description of the basis for determining the combination:

Not applicable

If the provision for bad debts of accounts receivable is made according to the general expected credit loss model:

Not applicable

(3) Status of bad debt provision, recovery, or reversal for the period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change for the period				Ending Balance
		Provision	Recovered or	Write-off	Other	

			transferred			
Accounts receivable with provision for expected credit losses by combination						
Including: combination of other customers' receivables	76,211.49	539,312.88	24,706.31			590,818.06
Total	76,211.49	539,312.88	24,706.31			590,818.06

Where accounts receivable with significant from provision for bad debts or recovered in the current period

Not applicable

(4). Situation of accounts receivable actually written off in the current period

Not applicable

(5) Accounts receivable and contractual assets collected from the debtors which rank the first five at the end of period

Unit: RMB

Company name	Accounts receivable balance at the end of period	Ending balance of contractual assets	Ending balance of accounts receivable and contractual assets	Proportion in the total ending balance of accounts receivable and contractual assets	Ending balance of provision for bad debts of accounts receivable and provision for impairment of contractual assets
Summary of accounts receivable which ranks the first five at the end of period	8,284,824.11		11,766,602.75	70.41%	414,241.21
Total	8,284,824.11		11,766,602.75	70.41%	414,241.21

2. Other receivables

Unit: RMB

Item	Ending Balance	Opening balance
Other receivables	646,226,304.77	696,328,419.85
Total	646,226,304.77	696,328,419.85

(1) Interest receivable

1) Classification of interest receivable

Not applicable

2) Important overdue interest

Not applicable

3). Disclosure under the methods of provision for bad debts by category

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Not applicable

5) Situation of interest receivable actually written off in the current period

Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Not applicable

2) Important dividends receivable with aging over 1 year

Not applicable

3). Disclosure under the methods of provision for bad debts by category

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Not applicable

5) Situation of dividends receivable actually written off in the current period

Not applicable

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Payment nature	Book balance at period end	Beginning book balance
Payments of related parties within the scope of consolidation	645,692,800.05	696,041,965.52
Margin and deposits	129,081.90	49,581.90
Other	451,421.29	278,107.90
Total	646,273,303.24	696,369,655.32

2) Disclosure by aging

Unit: RMB

Aging	Book balance at period end	Beginning book balance
Within 1 year (including 1 year)	646,224,474.36	614,472,373.93
1-2 years	5,615.00	81,857,231.39
2-3 years	3,163.88	
More than 3 years	40,050.00	40,050.00
3-4 years	40,050.00	40,050.00
Total	646,273,303.24	696,369,655.32

3). Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Ending Balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Scale	Amount	Drawing percentages		Amount	Scale	Amount	Drawing percentages	
Accounts receivable with provision for bad debts by individual										
In which:										
Provision for bad debts on a combin	646,273,303.24	100.00%	46,998.47	0.01%	646,226,304.77	696,369,655.32	100.00%	41,235.47	0.01%	696,328,419.85

ation basis										
In which:										
Combination of margin and deposit receivable	129,081.90	0.02%	2,496.87	1.93%	126,585.03	49,581.90	0.01%	40,526.60	81.74%	9,055.30
Combination of receivables of related parties within the scope of consolidation	645,692,800.05	99.91%		0.00%	645,692,800.05	696,041,965.52	99.95%		0.00%	696,041,965.52
Combination of social security advances receivable		0.00%				263,930.39	0.04%		0.00%	263,930.39
Combination of other financings	451,421.29	0.07%	44,501.60	9.86%	406,919.69	14,177.51	0.00%	708.87	5.00%	13,468.64
Total	646,273,303.24	100.00%	46,998.47	0.01%	646,226,304.77	696,369,655.32	100.00%	41,235.47	0.01%	696,328,419.85

Number of categories with provision for bad debts by individual: 0

Number of categories with provision for bad debts by combination: 3

Category name of provision for bad debts by combination: combination of margin and deposit receivable

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of margin and deposit receivable	129,081.90	2,496.87	1.93%
Total	129,081.90	2,496.87	

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Name of provision for bad debts by combination: combination of accounts receivable related parties within the scope of consolidation

Unit: RMB

Name	Ending Balance

	Book balance	Bad debt provision	Drawing percentages
Combination of receivables of related parties within the scope of consolidation	645,692,800.05		
Total	645,692,800.05		

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Category name of provision for bad debts by combination: other accounts receivable

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt provision	Drawing percentages
Combination of other financings	451,421.29	44,501.60	9.86%
Total	451,421.29	44,501.60	

Description of the basis for determining the combination: payments of the same nature have similar credit risk characteristics.

Provision for bad debts made according to the general expected credit loss model:

Unit: RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss throughout the duration (no credit impairment)	Expected credit loss throughout the duration (credit impairment has occurred)	
Balance as of Jan. 1, 2024	41,235.47			41,235.47
Balance on Jan. 1, 2024 in the current period				
--Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Provision in the current period	5,763.00			5,763.00
Reversal in the current period				
Write-off in the current period				
Write-off in the current period				
Other changes				
Balance as of June	46,998.47			46,998.47

30, 2024				

The basis for the division of each stage and the ratio of provisions for bad debts

The phase I is the bad debt provision for other receivables within one year. The phase II is the bad debt provision for accounts receivable over one year that have not been individually assessed. The phase III is the bad debt provision for individually assessed accounts receivable.

Changes in book balance with significant amount of loss provision in the current period

Not applicable

4). Status of bad debt provision, recovery, or reversal for the period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change for the period				Ending Balance
		Provision	Recovered or transferred	Write-off or impairment	Other	
Provision for bad debts on a combination basis	41,235.47	5,763.00				46,998.47
Total	41,235.47	5,763.00				46,998.47

Where the bad-debt provision amount recovered or reversed this period is important:

Not applicable

5) Situation of other accounts receivable actually written off in the current period

Not applicable

6). Other receivables collected from the debtors which rank the first five at the end of period

Unit: RMB

Company name	Payment nature	Ending Balance	Aging	Proportion in the total ending balance of other receivables	End-of-period balance of provision for bad debt
Summary of other accounts receivable which rank the first five at the end of period	Receivables of related parties within the scope of consolidation	645,692,800.05	Within 1 year	99.91%	0.00
Total		645,692,800.05		99.91%	0.00

7) Presented in other receivables due to centralized management of funds

Not applicable

3. Long-term equity investments

Unit: RMB

Item	Ending Balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	1,581,832,322.16		1,581,832,322.16	1,581,179,108.81		1,581,179,108.81
Investments in associates and joint ventures	51,952,479.36		51,952,479.36	51,862,607.30		51,862,607.30
Total	1,633,784,801.52		1,633,784,801.52	1,633,041,716.11		1,633,041,716.11

(1) Investment in subsidiaries

Unit: RMB

The investee	Beginning balance (book value)	Beginning balance of provision for impairment	Increase or decrease in the current period				Ending balance (book value)	End-of-period balance of provision for impairment
			Additional investment	Reduction of investment	Provision for impairment accrued	Other		
Shenzhen Harmony World Watch Centre Co., Ltd.	609,295,490.83					283,653.83	609,579,144.66	
Shenzhen Harmony E-commerce Co., Ltd.	11,684,484.39						11,684,484.39	
Shenzhen FIYTA Precision Technology Co., Ltd.	182,044,461.20					123,186.52	182,167,647.72	
Shenzhen FIYTA STD Co., Ltd.	51,062,891.67					48,625.00	51,111,516.67	
FIYTA (HONG KONG) LIMITED	137,737,520.00						137,737,520.00	
Temporal (Shenzhen) Co., Ltd.	5,000,000.00						5,000,000.00	

FIYTA Sales Co., Ltd.	456,992,456.17					137,775.90	457,130,232.07	
Liaoning Hengdarui Commerce and Trade Co., Ltd.	36,867,843.96						36,867,843.96	
Emile Chouriet Horologe (Shenzhen) Co., Ltd.	80,493,960.59					59,972.10	80,553,932.69	
Shenzhen Harmony World Watch Centre Co., Ltd.	10,000,000.00						10,000,000.00	
Total	1,581,179,108.81					653,213.35	1,581,832,322.16	

(2). Investments in associates and joint ventures

Unit: RMB

Investment unit	Beginning balance (book value)	Beginning balance of provision for impairment	Increase or decrease in the current period								Ending balance (book value)	End-of-period balance of provision for impairment
			Additional investment	Reduction of investment	Investment income or loss recognized under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment accrued	Other		
1. Joint ventures												
2. Associated enterprise												
Shanghai Watch Industry Co., Ltd.	51,862,607.30				89,872.06						51,952,479.36	
Sub-total	51,862,607.30				89,872.06						51,952,479.36	
Total	51,862,607.30				89,872.06						51,952,479.36	

The recoverable amount is determined by the net amount of the fair value less the disposal expenses

Not applicable

The recoverable amount is determined at the present value of the expected future cash flows

Not applicable

Reasons for the difference between the aforementioned information and the information used in the impairment test of previous years or external information

Not applicable

Reasons for the difference between the information used in the company's impairment test in previous years and the actual situation in the current year

Not applicable

(3) Other notes

Not applicable

4. Operating income and operating costs

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	93,442,375.61	28,763,610.04	90,155,946.21	22,121,058.14
Other businesses	2,209,518.25		1,886,928.93	
Total	95,651,893.86	28,763,610.04	92,042,875.14	22,121,058.14

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income accounted for using the equity method	89,872.06	-1,697,481.65
Total	89,872.06	-1,697,481.65

6. Others

Not applicable

20. Additional information

1. Breakdown of current non-recurring profit and loss

Unit: RMB

Item	Amount	Notes
Losses from disposal of non-current assets	2,906,210.67	
Government grants recognized in current profit and loss (excluding	1,414,439.38	

those closely related to the Company's normal operations, in compliance with national policies, entitled in accordance with set standards, and having a sustained impact on the Company's profit and loss)		
Reversal of provision for impairment of receivables subject to individual impairment testing	3,302,930.73	
Other operating incomes and expenses excluding the above items	1,099,305.50	
Less: Income tax impact	2,029,625.75	
Total	6,693,260.53	--

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

Not applicable

Explanation of circumstances where items listed as non-recurring gains and losses in Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities Publicly - Non-recurring Gains and Losses are classified as recurring

Not applicable

2. Return on equity and Earnings per share

Profit during the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to common stock shareholders of the company	4.36%	0.3568	0.3564
Net profit attributable to common stock shareholders of the company after deducting non-recurring gains and losses	4.16%	0.3405	0.3401

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

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

Not applicable

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

Not applicable

(3) Explanation of the reasons for the differences in accounting data under domestic and overseas accounting standards. If the data has been audited by an overseas audit institution for difference adjustment, the name of the overseas institution shall be indicated

4. Others

Not applicable

FIYTA Precision Technology Co., Ltd.

Board of Directors

August 21, 2024