The following is the text of a report set out on pages I-1 to I-72, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 浙江毛源昌眼鏡股份有限公司 ZHEJIANG MAOYUANCHANG EYEWEAR CO., LTD.* AND QUAM CAPITAL LIMITED

Introduction

We report on the historical financial information of 浙江毛源昌眼鏡股份有限公司 Zhejiang Maoyuanchang Eyewear Co., Ltd.* (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-72, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Periods**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-72 forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the **[REDACTED]** of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 28 (d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Periods.

[•]
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi ("**RMB**"))*

	Notes	**Year ended 31 December** **2023** *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*
Revenue	*4*	272,093	250,363	265,358
Cost of sales		(113,583)	(107,459)	(103,246)
Gross profit		158,510	142,904	162,112
Other net income	*5*	865	2,383	3,351
Selling expenses		(97,506)	(105,207)	(100,561)
Administrative expenses		(16,246)	(17,847)	(16,848)
Impairment loss of property, plant and equipment and right-of-use assets	*11*	(984)	(107)	(307)
Reversal/(provision) of impairment loss on trade receivables		201	(168)	(2)
Profit from operations		44,840	21,958	47,745
Finance costs	*6(a)*	(3,237)	(2,641)	(2,214)
Share of profits of an associate		338	304	377
Profit before taxation	*6*	41,941	19,621	45,908
Income tax	*7*	(4,825)	(1,567)	(4,727)
Profit for the year		37,116	18,054	41,181
Total comprehensive income for the year		37,116	18,054	41,181
Earnings per share				
Basic and diluted earnings per share *(RMB)*	*10*	2.84	0.79	1.56

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	49,729	77,384	74,397
Right-of-use assets	*12*	70,827	61,584	53,518
Intangible assets	*13*	265	184	102
Interests in an associate	*15*	820	820	923
Prepayments for property, plant and equipment	*19*	662	556	385
Deferred tax assets	*25(b)*	1,984	2,305	1,318
Other non-current assets	*16*	4,817	4,767	4,586
		129,104	147,600	135,229
Current assets				
Inventories	*17*	35,892	36,405	35,454
Trade and other receivables	*18*	9,126	29,485	5,382
Prepayments and other current assets	*19*	2,169	1,500	1,988
Current tax recoverable	*25(a)*	71	183	120
Financial assets measured at fair value through profit or loss ("**FVPL**")	*20*	6,042	9,196	9,248
Time deposits	*21(a)*	28,165	104,409	102,371
Cash and cash equivalents	*21(a)*	69,355	82,787	124,711
		150,820	263,965	279,274

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Trade and other payables	*22*	33,536	32,322	38,621
Contract liabilities	*23*	8,673	8,089	7,176
Lease liabilities	*24*	27,732	25,033	21,480
Current taxation payable	*25(a)*	4,835	1,286	2,848
Provisions	*26*	14	9	98
		74,790	66,739	70,223
Net current assets		76,030	197,226	209,051
Total assets less current liabilities		205,134	344,826	344,280
Non-current liabilities				
Lease liabilities	*24*	39,802	29,570	24,120
Provisions	*26*	140	229	138
		39,942	29,799	24,258
NET ASSETS		165,192	315,027	320,022
CAPITAL AND RESERVES	*28*			
Paid-in capital/share capital		12,700	26,407	26,407
Reserves		152,492	288,620	293,615
TOTAL EQUITY		165,192	315,027	320,022

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	32,249	30,741	27,552
Right-of-use assets	*12*	15,607	20,768	15,187
Intangible assets	*13*	265	184	102
Interests in subsidiaries	*14*	21,840	41,358	41,279
Prepayments for property, plant and equipment	*19*	64	38	–
Deferred tax assets	*25(b)*	3,524	3,985	3,444
Other non-current assets	*16*	2,076	1,525	1,159
		75,625	98,599	88,723
Current assets				
Inventories	*17*	21,448	21,883	21,369
Trade and other receivables	*18*	18,395	54,011	50,219
Prepayments and other current assets	*19*	960	565	1,235
Financial assets measured at FVPL	*20*	6,042	9,196	9,248
Time deposits	*21(a)*	10,051	80,259	80,175
Cash and cash equivalents	*21(a)*	41,627	50,815	74,977
		98,523	216,729	237,223

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Trade and other payables	*22*	43,421	55,779	60,270
Contract liabilities	*23*	7,163	5,746	4,877
Lease liabilities	*24*	5,179	5,430	5,126
Current taxation payable		848	203	–
Provisions	*26*	–	–	37
		56,611	67,158	70,310
Net current assets		41,912	149,571	166,913
Total assets less current liabilities		117,537	248,170	255,636
Non-current liabilities				
Lease liabilities	*24*	8,054	11,522	5,019
Provisions	*26*	25	39	24
		8,079	11,561	5,043
NET ASSETS		109,458	236,609	250,593
CAPITAL AND RESERVES	*28*			
Paid-in capital/share capital		12,700	26,407	26,407
Reserves		96,758	210,202	224,186
TOTAL EQUITY		109,458	236,609	250,593

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company						
	Note	**Paid-in capital**	**Share capital**	**Capital reserve**	**Share-based payment reserve**	**Statutory reserve**	**Retained profits**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 28(b))	*(Note 28(b))*	*(Note 28(c)(i))*	*(Note 28(c)(ii))*	*(Note 28(c)(iii))*		
Balance at 1 January 2023		10,233	–	5,273	–	350	82,220	98,076
Changes in equity for 2023:								
Profit for the year		–	–	–	–	–	37,116	37,116
Total comprehensive income		–	–	–	–	–	37,116	37,116
Capital injection by equity holders		2,467	–	27,533	–	–	–	30,000
Balance at 31 December 2023 and 1 January 2024		12,700	–	32,806	–	350	119,336	165,192
Changes in equity for 2024:								
Profit for the year		–	–	–	–	–	18,054	18,054
Total comprehensive income		–	–	–	–	–	18,054	18,054
Equity-settled share-based payments		–	–	–	2,067	–	–	2,067
Capital injection by equity holders		5,300	–	59,148	–	–	–	64,448
Waived liabilities by equity holders		–	–	333	–	–	–	333
Conversion into a joint stock company with limited liability	*28(b)(ii)*	(18,000)	23,000	3,802	–	(350)	(8,452)	–
Issuance of ordinary shares		–	3,407	61,526	–	–	–	64,933
Balance at 31 December 2024		–	26,407	157,615	2,067	–	128,938	315,027

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company					
	Share capital	**Capital reserve**	**Share-based payment reserve**	**Statutory reserve**	**Retained profits**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 28(b))	*(Note 28(c)(i))*	*(Note 28(c)(ii))*	*(Note 28(c)(iii))*		
Balance at 1 January 2025	26,407	157,615	2,067	–	128,938	315,027
Changes in equity for 2025:						
Profit for the year	–	–	–	–	41,181	41,181
Total comprehensive income	–	–	–	–	41,181	41,181
Equity-settled share-based payments	–	–	840	–	–	840
Appropriation of statutory reserve	–	–	–	4,144	(4,144)	–
Dividend declared and paid during the year	–	–	–	–	(37,026)	(37,026)
Balance at 31 December 2025	26,407	157,615	2,907	4,144	128,949	320,022

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*21(b)*	91,736	67,332	97,521
Income tax paid		(838)	(5,549)	(2,115)
Net cash generated from operating activities		90,898	61,783	95,406
Investing activities				
Payment for purchase of property, plant and equipment		(3,026)	(40,889)	(7,173)
Proceeds from disposal of property, plant and equipment		1	7	7
Payment for purchase of wealth management products		(6,000)	(3,000)	–
Proceeds from disposal of wealth management products		4,034	–	–
Proceeds from investment income of wealth management products		–	–	119
Payment for time deposits		(30,000)	(192,000)	(193,000)
Proceeds from disposal of time deposits		2,007	117,179	196,539
Loans to ultimate controlling shareholders		–	(30,000)	(30,000)
Repayments from loans to ultimate controlling shareholders		–	10,000	50,000
Interest received		225	327	196
Payment for provisions		(2)	(12)	(35)
Cash received from a financial lease		565	580	467
Dividends received from an associate		277	304	274
Net cash (used in)/generated from investing activities		(31,919)	(137,504)	17,394

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
Financing activities				
Proceeds from capital contributions		30,000	129,381	–
Dividends paid by a subsidiary to its former equity holder	*28(d)*	(7,000)	–	–
Dividends paid to equity shareholders	*28(d)*	–	–	(37,026)
Capital element of lease liabilities paid	*21(c)*	(31,567)	(37,592)	(31,647)
Interest element of lease liabilities paid	*21(c)*	(3,232)	(2,636)	(2,203)
Net cash (used in)/generated from financing activities		(11,799)	89,153	(70,876)
Net increase in cash and cash equivalents		47,180	13,432	41,924
Cash and cash equivalents at beginning of the year		22,175	69,355	82,787
Cash and cash equivalents at end of the year	*21(a)*	69,355	82,787	124,711

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

浙江毛源昌眼鏡股份有限公司 Zhejiang Maoyuanchang Eyewear Co., Ltd. (the "**Company**") was incorporated and registered in the People's Republic of China (hereinafter referred to as "**PRC**") as a limited liability company in August 2020. The address of the Company's registered office is Room 901, Building 2, Fanhai International Plaza, Hangzhou, the PRC. The Company and its subsidiaries (together the "**Group**") are principally engaged to provide consumers with high-quality, full-category eyewear products and related service through operation of eyewear retail stores and franchised stores.

Before the establishment of the Company, the above mentioned principal activities were carried out by Maoyuanchang Eyewear Co., Ltd ("**Maoyuanchang Holding**") . Following the establishment of the Company, the business operations of Maoyuanchang Holdings were transferred to the Company, and the Company became the holding company of the Group and Maoyuanchang Holdings became the Company's controlling shareholder in 2020.

The Group also contemplated following business combination under common control prior to and during the Track Records Periods:

In December 2021, the Group acquired Lanzhou Keda Optical Eyewear Co., Ltd.("**Lanzhou Keda**"), which was previously controlled by Mr Jin Zengmin and Ms Peng Meiliu, the ultimate controlling shareholder of the Company, at a consideration of RMB 11,925,000, which was determined with reference to the book value of Lanzhou Keda as at 30 September 2021.

In April 2024, the Group acquired certain main operating business of Lanzhou Keda Ophthalmology Clinic* 蘭州科達眼科診所 , which was previously controlled by Mr Jin Zengmin, the ultimate controlling shareholder of the Company, at a consideration of RMB128,000, which was the book value of the acquired net assets of Lanzhou Keda Ophthalmology Clinic as at 31 March 2024. Lanzhou Keda Ophthalmology Clinic completed its deregistration on 26 April 2024.

As Lanzhou Keda and Lanzhou Keda Ophthalmology Clinic were controlled by the same controlling party before and after these transactions, the transactions have been accounted for as business combinations under common control. Accordingly, for the purpose of presentation of the Historical Financial Information of the Group, the net assets of the combining entities are combined using the existing book values prior to these transactions. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Upon approval by the shareholders' general meeting of the Company held on 19 April 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

The statutory financial statements of the Company for the year ended 31 December 2024 was prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)). No statutory financial statements for the years ended 31 December 2023 and 2025 have been prepared for the Company.

At the date of the report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private and limited liability companies.

Subsidiaries	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity interests attributable to the Company *At the date of the report*	Principal activities
Direct equity interest held:				
Lanzhou Keda Optics Eyewear Co., Ltd.* 蘭州科達眼鏡光學有限責任公司 (i) (ii) (iii) (v)	Chinese Mainland 22 November 1996	RMB10,000,000	100%	Sales of eyewear products
Maoyuanchang Eyewear Technology (Shaoxing) Co., Ltd.* 毛源昌眼鏡科技(紹興)有限公司 (i) (ii) (iv) (v)	Chinese Mainland 11 May 2021	RMB100,000	100%	Sales of eyewear products
Hangzhou Maoyuanchang Minghui Eyewear Co., Ltd.* 杭州毛源昌明輝眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 16 April 2019	RMB100,000	100%	Sales of eyewear products

Subsidiaries	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity interests attributable to the Company *At the date of the report*	Principal activities
Lanzhou Maoyuanchang Eyewear Co., Ltd.* 蘭州毛源昌眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 09 March 2016	RMB50,000	100%	Sales of eyewear products
Hangzhou Maoyuanchang Binbao Eyewear Co., Ltd.* 杭州毛源昌濱寶眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 13 February 2019	RMB100,000	100%	Sales of eyewear products
Hangzhou Maoyuanchang Mingxin Eyewear Co., Ltd.* 杭州毛源昌明新眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 26 April 2019	RMB100,000	100%	Sales of eyewear products
Indirect equity interest held:				
Lanzhou Hongsheng Keda Eyewear Co., Ltd.* 蘭州鴻盛科達眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 23 February 2021	RMB100,000	100%	Sales of eyewear products
Lanzhou Huisheng Keda Eyewear Co., Ltd.* 蘭州輝盛科達眼鏡有限公司 (i) (ii) (iv) (v)	Chinese Mainland 28 January 2021	RMB100,000	100%	Sales of eyewear products

Notes:

(i) The English name of the subsidiaries incorporated in the Chinese Mainland referred to above in this note represent management's best efforts in translating the Chinese name as no English name has been registered or is available.

(ii) All companies comprising the Group have adopted 31 December as the financial year end.

(iii) The statutory financial statements of the entity for the year ended 31 December 2024 was prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)). No statutory financial statements have been prepared for the entity for the year ended 31 December 2023 and 2025.

(iv) No statutory financial statements have been prepared for these companies for the Track Record Periods as they are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(v) These entities are limited liability companies established in the Chinese Mainland.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, all applicable new and revised IFRS Accounting Standards have been adopted for the Track Record Periods, except for any new standards or interpretations that are not yet effective for the Track Record Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Periods are set out in Note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair value except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

Financial instruments classified as at fair value through profit or loss (see Note 2(f)).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amounts of the net assets acquired and the consideration paid for the combination is adjusted to equity. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see Note 2(j)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Other investments

The Group's policies for investments, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)(b)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives in the Historical Financial Information are as follows:

Buildings	30 years
Machinery equipment	5 years
Vehicles	3–5 years
Office equipment and others	3–5 years
Leasehold improvement	Shorter of lease term and estimated useful life of 3–5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(j)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful life for trademark and software was decided with reference to the shortest period among the expected service life and the expected beneficial life. The estimated useful lives in the Historical Financial Information are as follows:

Trademark	10 years
Software	5 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

(i) As a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and servers. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

Refundable lease deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity investments carried at amortised cost (see Note 2(f)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECLs**") on:

– financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables that are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 30 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks and other financial institutions and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Equity-settled share-based payments

The difference between the subscription price and the fair value of the awarded shares granted to employees is recognised as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(i)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group primarily derives its revenues from the sales of following products and provision of the following services:

(a) Sales of eyewear products and provision of service through self-operated stores

- Sales of eyewear products through self-operated stores

  The Group mainly sells eyewear products through its self-owned and operated offline retail stores. The Group recognises revenue from sales of eyewear products when the goods are handed to the customer in accordance with the sales contract, and the customer has full discretion to use and dispose of the goods.

  The Group operates customer loyalty scheme for customers which enable customers to earn loyalty points on their consumptions in the retail stores. Points are redeemable against any future consumptions in the retail stores. The Group allocates a portion of the consideration to loyalty points based on the relative stand-alone selling prices. The amount allocated to the loyalty points is deferred and recognised as revenue when loyalty points are redeemed or expire.

- Provision of service through self-operated stores

  The Group provides certain prescription services to customers and revenue was recognised when the service is completed.

(b) Revenue from franchised stores

The revenue from franchised store were mainly generated from wholesales of eyewear products to franchised stores as well as franchise fee and franchising management fee.

The Group enters into franchise agreements with each franchised store, whereby the franchised stores are licenced to operate the franchised stores.

The franchised stores employ and manage their own staffs to operate the stores and serve their customers (i.e. end consumers), and undertake the costs associated with the operations.

At inception of the franchise agreements, franchised stores are required to place a deposit to the Group throughout the franchise period. The deposits are refundable upon the termination of the franchise agreements, provided that the franchised stores settled all outstanding balances with the Group.

Wholesales of eyewear products

Revenue from wholesales of eyewear products to franchised stores is recognised at the point in time when the products are handed over to the carriers.

Franchise fee and franchise management fee

Under the franchise agreements, franchised stores are required to pay a yearly franchise fee, which represents the consideration paid by the franchised stores to use the Group's intellectual property within the franchise period. The franchise fee is recognised on a straight-line basis over the expected franchise period.

Franchised stores are also required to pay a monthly franchise management fee for on going operation support, including in store operation management, training and technical support, etc, which is determined based on a fixed percentage of the gross revenue generated by the franchise stores. Franchise management fee is recognised monthly when the sales to end customers occurred.

(c) Online Retail

For retail customers that purchase from the Group's online stores, sales revenue is recognised when customers accept the products.

A refund liability is recognised for the expected returns. A right to recover returned goods and corresponding adjustment to cost of sales are also recognised for the right to recover eyewear products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

(ii) Revenue from other sources and other income

(a) Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

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

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment and right-of-use assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment and right-of-use assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in sales of eyewear products through its self-owned and operated stores and franchised stores.

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Self-operated stores			
– Sales of eyewears products	206,629	184,558	195,802
– Provision of service	276	473	629
	206,905	185,031	196,431
Franchised stores			
– Wholesales of eyewear products	52,181	52,671	50,189
– Franchise management fee	2,351	2,358	10,215
– Franchise fee	4,876	5,430	5,436
	59,408	60,459	65,840
Online retail			
– Sales of eyewears products	4,102	3,230	1,745
Others (i)	1,678	1,643	1,342
	272,093	250,363	265,358
Disaggregated by timing of revenue recognition			
– Point in time	264,866	242,575	249,707
– Over time	7,227	7,788	15,651
	272,093	250,363	265,358

Notes:

(i) Others include revenue from wholesale to the Group's associate, and sales of non-eyewear related consumables to franchised stores.

(ii) No revenue from individual customer contributing over 10% of revenue of the Group for the years ended 31 December 2023, 2024 and 2025.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

– *Sales and wholesales of eyewear products and franchise management fee*

In respect of sales and wholesales of eyewear products, the Group has applied the practical expedient in paragraph 121(a) of IFRS 15 such that it does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales and wholesales of eyewear products that had an original expected duration of one year or less.

In respect of franchise management fee, the Group recognises revenue which is determined based on a fixed percentage of the gross revenue generated by the franchised stores and the Group has a right to invoice, the Group has applied the practical expedient in paragraph 121(a) of IFRS 15 for not to disclose the remaining performance obligations for such contracts.

– *Franchise fee*

As at 31 December 2023, 2024 and 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing franchise contracts is RMB1,509,000, RMB2,915,000 and RMB1,470,000 respectively. This amount represents revenue expected to be recognised in the future from franchise agreements. The Group will recognise the expected revenue in future over the remaining contract period, of which RMB1,362,000, RMB2,732,000 and RMB1,470,000 is expected to occur over the next 12 months, and RMB147,000, RMB183,000 and RMBnil is expected to occur over the next 12–24 months.

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group has presented the following two reportable segments.

– Self-operated stores and online retail

– Franchised stores and wholesales

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and cost of sales are allocated to the reportable segments with reference to sales generated by those segments and the cost of sales incurred by those segments.

Segment profit represents gross profit earned by each segment.

	Year ended 31 December 2023		
	Self-operated stores and online retail	**Franchised stores and wholesales**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by timing of revenue recognition			
Point in time	211,007	53,859	264,866
Over time	–	7,227	7,227
Total	211,007	61,086	272,093
Reportable segment revenue	211,007	61,086	272,093
Gross profit	150,769	7,741	158,510

	Year ended 31 December 2024		
	Self-operated stores and online retail	**Franchised stores and wholesales**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by timing of revenue recognition			
Point in time	188,261	54,314	242,575
Over time	–	7,788	7,788
Total	188,261	62,102	250,363
Reportable segment revenue	188,261	62,102	250,363
Gross profit	130,182	12,722	142,904

	Year ended 31 December 2025		
	Self-operated stores and online retail	**Franchised stores and wholesales**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by timing of revenue recognition			
Point in time	198,176	51,531	249,707
Over time	–	15,651	15,651
Total	198,176	67,182	265,358
Reportable segment revenue	198,176	67,182	265,358
Gross profit	137,988	24,124	162,112

(ii) Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to the Group's chief operating decision maker on making decision of resources allocation and performance assessment.

(iii) Geographic information

No geographic information segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the Chinese Mainland and all the Group's assets are situated in the Chinese Mainland.

5 OTHER NET INCOME

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Interest income from banks		260	1,586	1,547
Interest income on lease deposits		137	164	150
Interest income from loans to ultimate controlling shareholders	*31(b)*	–	150	221
Interest income on finance lease		–	58	37
Government grants (i)		356	879	697
Income from value-added tax exemption (ii)		327	209	198
Net realised and unrealised gains on wealth management products measured at FVPL		46	154	171
Donation		(676)	(657)	(559)
Net gains/(losses) on disposal of property, plant and equipment		13	(144)	(8)
Net gains/(losses) on disposal of right-of-use assets		131	(227)	656
Net gains/(losses) on lease restoration obligation		–	3	(6)
Others		271	208	247
		865	2,383	3,351

Notes:

(i) The Group received unconditional government grants from various local government authorities in the Chinese Mainland, as rewards of the Group's contribution to regional economic development.

(ii) Income from value-added tax exemption represented the exemption on value-added tax granted by the government authorities in the Chinese Mainland.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on lease liabilities	3,232	2,636	2,203
Interest expense on provisions	5	5	11
	3,237	2,641	2,214

(b) Staff costs

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	49,631	53,445	55,028
Contributions to defined contribution retirement plans (i)	3,214	3,656	4,127
Equity-settled share-based payments *(Note27)*	–	2,067	840
	52,845	59,168	59,995

Note:

(i) Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government in the Chinese Mainland. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The Group has no other material obligations for payments of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories *(Note 17(b))*	110,648	103,097	99,835
Amortisation of intangible assets *(Note 13)*	403	81	82
Depreciation charges			
– property, plant and equipment *(Note 11)*	8,439	8,366	9,164
– right-of-use assets *(Note 12)*	33,338	34,240	33,166
Short-term leases charges	1,637	1,219	1,554
Variable leases charges	528	471	580
Impairment loss of property, plant and equipment and right-of-use assets	984	107	307

* Cost of inventories includes RMB7,513,000, RMB7,210,000 and RMB7,168,000 relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 INCOME TAX

(a) Taxation in the consolidated statements of profit and loss and other comprehensive income represents:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	5,102	1,888	3,740
Deferred tax			
Reversal and (origination) of temporary differences	(277)	(321)	987
	4,825	1,567	4,727

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	41,941	19,621	45,908
Notional tax on profit before taxation calculated at the rates applicable to profits in the jurisdiction concerned (i)	10,485	4,905	11,477
Tax effect of preferential tax rate	(6,873)	(5,602)	(7,243)
Tax effect of non-deductible expenses	1,142	1,815	544
Tax effect of non-taxable income	(84)	(76)	(94)
Tax effect of unused tax losses and deductible temporary differences not recognised	245	525	55
Tax effect of utilisation of tax losses not recognised as deferred tax assets in prior years	(90)	–	(12)
	4,825	1,567	4,727

Notes:

(i) The subsidiaries of the Group established in the Chinese Mainland are subject to Chinese Mainland Corporate Income Tax ("**CIT**") rate at 25% during the Track Record Periods.

(ii) For the years ended 31 December 2023, 2024 and 2025, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the Chinese Mainland, and were entitled to a preferential income tax rate of 5% on taxable income within RMB3,000,000.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	Year ended 31 December 2023						
	Directors' fee	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub total**	**Share based payments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:							
Mr. Jin Zengmin *(Notes (ii) (iii))*	–	–	–	–	–	–	–
Supervisor:							
Ms. Liu Lifei *(Notes (i) (iii))*	–	245	48	7	300	–	300
	–	245	48	7	300	–	300

	Year ended 31 December 2024						
	Directors' fee *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Discretionary bonuses** *RMB'000*	**Retirement scheme contributions** *RMB'000*	**Sub total** *RMB'000*	**Share based payments** *RMB'000*	**Total** *RMB'000*
Chairman:							
Mr. Jin Zengmin (appointed on 19 April 2024) *(Notes (ii) (iii))*	–	–	–	–	–	–	–
Executive directors:							
Ms. Peng Meiliu (appointed on 19 April 2024) *(Note (iii))*	–	224	126	7	357	–	357
Ms. Liu Lifei (appointed on 19 April 2024) *(Notes (i) (iii))*	–	212	16	6	234	99	333
Mr. Lei Jin (appointed on 09 August 2024) *(Note (iii))*	–	86	–	3	89	–	89
Ms. Chen Yilei (appointed on 15 September 2024 and resigned on 7 November 2024) *(Note (iii))*	–	41	2	2	45	–	45
Non-executive directors:							
Mr. Zhang Hongsheng (appointed on 19 April 2024 and resigned on 9 August 2024) *(Note (iii))*	26	–	–	–	26	–	26
Mr. Zhang Guobiao (appointed on 19 April 2024 and resigned on 9 August 2024) *(Note (iii))*	26	–	–	–	26	–	26
Mr. Sun Tao (appointed on 09 August 2024) *(Note (ii))*	–	–	–	–	–	–	–
Supervisors:							
Ms. Liu Lifei (resigned on 19 April 2024) *(Notes (i) (iii))*	–	62	5	2	69	33	102
Mr. An Yunkun (appointed on 19 April 2024) *(Notes (i) (iii))*	–	156	16	6	178	66	244
Mr. Mei Yidan (appointed on 19 April 2024 and resigned on 15 September 2024) *(Note (iii))*	–	181	–	3	184	–	184
Mr. Zhao Fei (appointed on 19 April 2024) *(Notes (i) (iii))*	–	137	11	6	154	49	203
Mr. Zhu Lijian (appointed on 15 September 2024) *(Note (iii))*	–	61	19	3	83	–	83
	52	1,160	195	38	1,445	247	1,692

	Year ended 31 December 2025						
	Directors' fee *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Sub total *RMB'000*	Share based payments *RMB'000*	Total *RMB'000*
Chairman:							
Mr. Jin Zengmin *(Notes (ii) (iii))*	–	–	–	–	–	–	–
Executive directors:							
Ms. Peng Meiliu *(Note (iii))*	–	380	144	9	533	–	533
Ms. Liu Lifei *(Notes (i) (iii))*	–	388	40	10	438	132	570
Mr. Lei Jin *(Note (iii))*	–	276	100	10	386	–	386
Non-executive director:							
Mr. Sun Tao *(Note (ii))*	–	–	–	–	–	–	–
Supervisors:							
Mr. An Yunkun *(Notes (i) (iii))*	–	223	26	10	259	66	325
Mr. Zhao Fei *(Notes (i) (iii))*	–	187	10	10	207	49	256
Mr. Zhu Lijian *(Note (iii))*	–	185	32	10	227	–	227
	–	1,639	352	59	2,050	247	2,297

Notes:

(i) These share-based payments expenses above represent the estimated value of restricted shares granted to directors and supervisors under the Company's 2023 Share Incentive Plan (see Note 27). The value is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(p)(ii). Details of the equity-settled share-based transactions are disclosed in Note 27.

(ii) No emoluments were paid by the Group to Mr Jin Zengmin as executive director/Chairman of the Company as he received emoluments from the controlling shareholder of the Company, Maoyuanchang Holding, during the Track Record Periods.

No emoluments were paid by the Group to Mr Sun Tao as non-executive director of the Company as he received emoluments from Hangzhou Industrial Investment Group Co., Ltd. 杭州市實業投資集團有限公司, the non-controlling shareholder of the Company, during the Track Record Periods.

(iii) During the Track Record Periods, no emoluments were paid by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors and supervisors of the Group waived or agreed to waive any emoluments during the Track Record Periods.

(iv) On 26 March 2026, Mr Liao Peng was appointed as the executive director of the Company, Mr Zhang Guobiao, Mr Zhang Hongsheng and Mr Choi Tze Kit Sammy were appointed as independent non-executive directors of the Company, with effective upon 26 March 2026.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments during the years ended 31 December 2023, 2024 and 2025, only 1, 3 and 3 individuals' emoluments are disclosed in Note 8 and the aggregate of the emoluments in respect of the remaining 4, 2 and 2 individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Salaries and other emoluments	1,148	517	877
Discretionary bonuses	230	50	121
Retirement scheme contributions	31	17	9
	1,409	584	1,007

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	**2024**	**2025**
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$Nil to HK$1,000,000	4	2	2

During the Track Record Periods, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

The calculation of basic earnings per share during the Track Record Periods is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As set out in Note 28(b), the Company was converted into a joint stock limited liability company on 19 April 2024 and issued 23,000,000 shares with par value of RMB1 each.

For the purpose of calculating basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the above conversion had occurred since 1 January 2023 at the exchange ratio established on 19 April 2024.

(a) Basic earnings per share

(i) Profit attributable to ordinary equity shareholders of the Company

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Profit for the year	37,116	18,054	41,181

(ii) Weighted average number of ordinary shares in issue or deemed to be in issue

	Year ended 31 December		
	2023	**2024**	**2025**
Ordinary shares deemed to be in issue/ in issue at 1 January	13,075,367	16,227,779	26,407,404
Effect of ordinary shares in issue or deemed to be in issue *(Note 28(b))*	8,637	6,654,891	–
Weighted average number of ordinary shares deemed to be in issue/in issue at 31 December	13,084,004	22,882,670	26,407,404

(b) Diluted earnings per share

During the Track Record Periods, there was no difference between the basic and diluted earnings per share for each year during the Track Record Periods as there was no dilutive potential ordinary share.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings *RMB'000*	Machinery equipment *RMB'000*	Vehicles *RMB'000*	Office equipment, and others *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2023	51,540	16,996	1,303	5,245	14,138	89,222
Additions	–	3,514	–	443	5,611	9,568
Disposals	–	(144)	–	(229)	–	(373)
At 31 December 2023 and 1 January 2024	51,540	20,366	1,303	5,459	19,749	98,417
Additions	29,807	2,770	–	761	2,978	36,316
Disposals	–	(113)	–	(552)	–	(665)
At 31 December 2024 and 1 January 2025	81,347	23,023	1,303	5,668	22,727	134,068
Additions	1,064	206	–	352	5,282	6,904
Disposals	–	(484)	(109)	(252)	–	(845)
At 31 December 2025	82,411	22,745	1,194	5,768	28,009	140,127
Accumulated depreciation and impairment losses:						
At 1 January 2023	16,375	11,621	749	4,178	7,580	40,503
Depreciation	1,721	2,003	128	442	4,145	8,439
Disposals	–	(131)	–	(201)	–	(332)
Impairment provision	–	–	–	–	78	78
At 31 December 2023 and 1 January 2024	18,096	13,493	877	4,419	11,803	48,688
Depreciation	1,721	2,041	113	454	4,037	8,366
Disposals	–	(68)	–	(409)	–	(477)
Impairment provision	–	–	–	–	107	107
At 31 December 2024 and 1 January 2025	19,817	15,466	990	4,464	15,947	56,684
Depreciation	2,696	1,890	110	471	3,997	9,164
Disposals	–	(82)	(103)	(240)	–	(425)
Impairment provision	–	–	–	–	307	307
At 31 December 2025	22,513	17,274	997	4,695	20,251	65,730
Net book value:						
At 31 December 2023	33,444	6,873	426	1,040	7,946	49,729
At 31 December 2024	61,530	7,557	313	1,204	6,780	77,384
At 31 December 2025	59,898	5,471	197	1,073	7,758	74,397

The Company

	Buildings	**Machinery equipment**	**Vehicles**	**Office equipment, and others**	**Leasehold improvement**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	40,953	10,408	998	3,197	1,002	56,558
Additions	–	2,910	–	270	1,091	4,271
Disposals	–	(31)	–	(190)	–	(221)
At 31 December 2023 and 1 January 2024	40,953	13,287	998	3,277	2,093	60,608
Additions	–	998	–	502	1,014	2,514
Disposals	–	(86)	–	(132)	–	(218)
At 31 December 2024 and 1 January 2025	40,953	14,199	998	3,647	3,107	62,904
Additions	–	136	–	188	1,017	1,341
Disposals	–	(484)	(109)	(235)	–	(828)
At 31 December 2025	40,953	13,851	889	3,600	4,124	63,417
Accumulated depreciation:						
At 1 January 2023	15,382	6,377	499	2,638	64	24,960
Depreciation	1,297	1,485	119	218	472	3,591
Disposals	–	(25)	–	(167)	–	(192)
At 31 December 2023 and 1 January 2024	16,679	7,837	618	2,689	536	28,359
Depreciation	1,297	1,646	103	263	663	3,972
Disposals	–	(42)	–	(126)	–	(168)
At 31 December 2024 and 1 January 2025	17,976	9,441	721	2,826	1,199	32,163
Depreciation	1,297	1,269	101	312	1,002	3,981
Disposals	–	(82)	(103)	(224)	–	(409)
Impairment provision	–	–	–	–	130	130
At 31 December 2025	19,273	10,628	719	2,914	2,331	35,865
Net book value:						
At 31 December 2023	24,274	5,450	380	588	1,557	32,249
At 31 December 2024	22,977	4,758	277	821	1,908	30,741
At 31 December 2025	21,680	3,223	170	686	1,793	27,552

Impairment assessment of cash-generating units including property, plant and equipment and right-of-use assets

The recoverable amount of each self-operated store ("**CGU**") with an indication of impairment is estimated at the end of each reporting period. As at the end of each reporting period, in view of the unfavourable future prospects of certain self-operated stores, there was an indication that the CGUs may suffer an impairment loss. Management of the Group has conducted impairment testing. The recoverable amount of each CGU is determined based on fair value less cost of disposal or value-in-use calculations by preparing cash flow projections of the relevant CGU derived from the most recent financial forecast approved by management covering the remaining lease term, which is higher. The cash flows are discounted using a pre-tax discount rate of 12%, 11% and 11%, respectively as at 31 December 2023, 2024 and 2025. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

As at 31 December 2023, 2024 and 2025, the carrying amount of certain CGUs exceeds their recoverable amount, of which the recoverable amounts was determined to be RMB2,236,000, RMB284,000 and RMB459,000. Therefore, during the Track Record Periods, an impairment loss of RMB984,000, RMB107,000 and RMB307,000, respectively, was recognised in profit or loss as the "Impairment loss of property, plant and equipment and right-of-use assets" in the consolidated statements of profit or loss and other comprehensive income. The impairment loss was allocated to the assets including leasehold improvement and right-of-use assets within the CGU on a pro rata basis.

12 RIGHT-OF-USE ASSETS

The Group

	Land use rights	Properties leased for own use carried at cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	8,616	104,994	113,610
Additions	–	33,403	33,403
Lease modification and termination	–	(12,626)	(12,626)
At 31 December 2023 and 1 January 2024	8,616	125,771	134,387
Additions	–	28,964	28,964
Lease modification and termination	–	(35,187)	(35,187)
At 31 December 2024 and 1 January 2025	8,616	119,548	128,164
Additions	–	34,357	34,357
Lease modification and termination	–	(55,092)	(55,092)
At 31 December 2025	8,616	98,813	107,429
Accumulated depreciation:			
At 1 January 2023	2,352	39,338	41,690
Charge for the year	215	33,123	33,338
Lease modification and termination	–	(12,374)	(12,374)
Impairment provision	–	906	906
At 31 December 2023 and 1 January 2024	2,567	60,993	63,560
Charge for the year	215	34,025	34,240
Lease modification and termination	–	(31,220)	(31,220)
At 31 December 2024 and 1 January 2025	2,782	63,798	66,580
Charge for the year	215	32,951	33,166
Lease modification and termination	–	(45,835)	(45,835)
At 31 December 2025	2,997	50,914	53,911
Net book value:			
At 31 December 2023	6,049	64,778	70,827
At 31 December 2024	5,834	55,750	61,584
At 31 December 2025	5,619	47,899	53,518

The Group leases various self-operated stores and office buildings in the Chinese Mainland. Lease contracts are typically entered into for periods of 2 to 10 years.

The Company

	Land use rights	Properties leased for own use carried at cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	8,616	27,298	35,914
Additions	–	4,785	4,785
Lease modification and termination	–	(4,952)	(4,952)
At 31 December 2023 and 1 January 2024	8,616	27,131	35,747
Additions	–	12,781	12,781
Lease modification and termination	–	(16,686)	(16,686)
At 31 December 2024 and 1 January 2025	8,616	23,226	31,842
Additions	–	3,102	3,102
Lease modification and termination	–	(7,176)	(7,176)
At 31 December 2025	8,616	19,152	27,768
Accumulated depreciation:			
At 1 January 2023	2,352	14,792	17,144
Charge for the year	215	7,733	7,948
Lease modification and termination	–	(4,952)	(4,952)
At 31 December 2023 and 1 January 2024	2,567	17,573	20,140
Charge for the year	215	7,352	7,567
Lease modification and termination	–	(16,633)	(16,633)
At 31 December 2024 and 1 January 2025	2,782	8,292	11,074
Charge for the year	215	5,809	6,024
Lease modification and termination	–	(4,517)	(4,517)
At 31 December 2025	2,997	9,584	12,581
Net book value:			
At 31 December 2023	6,049	9,558	15,607
At 31 December 2024	5,834	14,934	20,768
At 31 December 2025	5,619	9,568	15,187

(a) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charges of right-of-use assets			
– Ownership interests in land use rights	215	215	215
– Other properties leased for own use	33,123	34,025	32,951
	33,338	34,240	33,166
Interest on lease liabilities *(Note 6(a))*	3,232	2,636	2,203
Expense relating to short-term leases	1,637	1,219	1,554
Variable lease payments not included in the measurement of lease liabilities	528	471	580
	38,735	38,566	37,503

Details of total cash outflow for leases, the maturity analysis of lease are set out in Note 24 respectively.

(i) Ownership interests in leasehold land held for own use

The Group obtained land use rights in Zhejiang Province, the PRC in 2012, with the amortisation period spanning 40 years commencing from the lease start date.

(ii) Properties – right-of-use assets

The Group has obtained the right to use the properties as its office and business operations through tenancy agreements. The leases typically run for an initial period of 2 to 10 years.

(iii) Lease deposits

The refundable lease deposits themselves are not parts of the lease payments and the measurement are within the scope of IFRS 9. Therefore, the lease deposits should be measured at fair value on initial recognition. The difference between the initial fair value and the nominal value of the deposit is an additional lease payment made by the Group and it is included in the measurement of the right-of-use assets.

(b) The Group leased a number of self-operated stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Chinese Mainland where the Group operates. The amount of fixed and variable lease payments during the Track Record Periods is summarised below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fixed payments	2,958	4,164	5,267
Variable payments	528	471	580
Total payments	3,486	4,635	5,847

13 INTANGIBLE ASSETS

The Group and the Company

	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023, 31 December 2023, 31 December 2024 and 31 December 2025	30,785	2,012	32,797
Accumulated amortisation:			
At 1 January 2023	30,785	1,344	32,129
Charge for the year	–	403	403
At 31 December 2023 and 1 January 2024	30,785	1,747	32,532
Charge for the year	–	81	81
At 31 December 2024 and 1 January 2025	30,785	1,828	32,613
Charge for the year	–	82	82
At 31 December 2025	30,785	1,910	32,695
Net book value:			
At 31 December 2023	–	265	265
At 31 December 2024	–	184	184
At 31 December 2025	–	102	102

14 INTERESTS IN SUBSIDIARIES

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost (i)	24,506	42,894	43,549
Amounts due from subsidiaries	6,719	6,780	9,200
Investments arising from share-based transactions	–	1,130	396
Less: impairment of investment in subsidiaries (ii)	(9,385)	(9,446)	(11,866)
	21,840	41,358	41,279

Notes:

(i) Details of the subsidiaries are set out in Note 1.

(ii) As at 31 December 2023, 2024 and 2025, due to the continuous loss making and net liabilities of certain subsidiaries, the carrying amounts of investments in certain subsidiaries and amounts due from certain subsidiaries exceed their recoverable amount, therefore, an impairment provision of RMB9,385,000, RMB9,446,000 and RMB11,866,000 was recognised as at 31 December 2023, 2024 and 2025 respectively.

15 INTERESTS IN AN ASSOCIATE

(a) The following list contains an associate of the Group, which is unlisted corporate entity whose quoted market price is not available:

Name of associates	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	As at 31 December 2023, 2024 and 2025 Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
Gansu Baoshihua Eye Co., Ltd.* 甘肅寶石花眼視光有限公司	Incorporated	Chinese Mainland	RMB1,000,000/ RMB1,000,000	–	45%	Wholesales of eyewear products

* The English translation of the associate's name is for reference only. The official name of the company is in Chinese.

The directors consider the associate is not significant to the Group during the Track Record Periods.

(b) Aggregate information of the associate that is not individually material:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	820	820	923
Aggregate amounts of the Group's share of the associate			
Profit from continuing operations	338	304	377
Other comprehensive income	–	–	–
Total comprehensive income	338	304	377

16 OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Long-term receivables related to lease deposits	3,840	4,220	4,470
Financial lease receivables (i)	977	547	116
	4,817	4,767	4,586

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Long-term receivables related to lease deposits	1,099	978	1,043
Financial lease receivables (i)	977	547	116
	2,076	1,525	1,159

Note:

(i) The finance lease receivables represent the sub-leases the Group entered into which constitute a finance lease.

The Group and the Company

As at the end of each reporting period, the maturity analysis of the undiscounted finance lease receivables was as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	580	467	450
1 year to 2 years	467	450	118
2 years to 5 years	568	118	–
	1,615	1,035	568
Unearned income	(116)	(58)	(21)
	1,499	977	547
Represented by:			
Within 1 year	522	430	431
Over 1 year	977	547	116

17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
Finished goods	34,874	35,402	34,803
Non-eyewear related consumables	976	951	620
Right to recover returned goods	42	52	31
Total	35,892	36,405	35,454

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
Finished goods	20,461	20,936	20,742
Non-eyewear related consumables	972	934	610
Right to recover returned goods	15	13	17
Total	21,448	21,883	21,369

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	110,648	103,097	99,834
Write down of inventories	301	703	609
	110,949	103,800	100,443

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	54,364	52,602	52,547
Write down of inventories	249	231	317
	54,613	52,833	52,864

18 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables	3,104	4,509	3,338
Less: loss allowance on trade receivable *(Note 29)*	(443)	(345)	(347)
Trade receivables, net of loss allowance	2,661	4,164	2,991
Other receivables due from			
– Deposits for rentals and others	1,330	975	844
– Ultimate controlling shareholder (i)	–	20,000	–
– Value-added tax recoverable	1,594	1,479	570
– Funds in transit	2,521	1,003	523
– Others	1,020	1,864	454
	9,126	29,485	5,382

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables due from			
– Third parties	2,486	3,960	2,644
– Subsidiaries	5,828	4,169	5,643
Less: loss allowance on trade receivable	(416)	(319)	(318)
Trade receivables, net of loss allowance	7,898	7,810	7,969
Other receivables due from			
– Subsidiaries	6,720	22,179	40,612
– Deposits for rentals and others	1,798	1,522	1,076
– Ultimate controlling shareholder (i)	–	20,000	–
– Value-added tax recoverable	47	95	–
– Funds in transit	1,134	666	267
– Others	798	1,739	295
	18,395	54,011	50,219

Note:

(i) Other receivables due from ultimate controlling shareholder as at 31 December 2024 represents a loan provided to Mr Jin Zengmin, ultimate controlling shareholder of the Company.

During the year ended 31 December 2024, the Company provided two loans to Mr Jin Zengmin with total principal amount of RMB30,000,000 in September 2024 and November 2024 respectively, bearing an annual interest rate of 3%. The loan of RMB 10,000,000 was settled in December 2024 and the remaining loan of RMB20,000,000 was subsequently settled in February 2025 and March 2025.

During the year ended 31 December 2025, the Company provided a loan to Ms Peng Meiliu, the ultimate controlling shareholder and spouse of Mr Jin Zengmin, with a principal amount of RMB30,000,000 in October 2025, bearing an annual interest rate of 3%. The loan was subsequently settled in December 2025.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

The Group

		As at 31 December	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	787	1,417	2,088
Over 1 month but within 3 months	1,601	2,012	538
Over 3 months but within 6 months	244	629	198
Over 6 months but within 1 year	26	64	82
Over 1 year but within 2 years	3	42	85
	2,661	4,164	2,991

The Company

		As at 31 December	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	789	1,988	3,956
Over 1 month but within 3 months	2,511	2,547	1,819
Over 3 months but within 6 months	1,915	1,277	579
Over 6 months but within 1 year	1,700	687	713
Over 1 year but within 2 years	792	682	710
Over 2 years	191	629	192
	7,898	7,810	7,969

Trade receivables are due within 30 days from the date of billing. Details of the Group's credit policy and credit risk arising from trade receivables are set out in Note 29(a).

19 PREPAYMENTS AND OTHER CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments			
Non-current			
– purchases of property plant and equipment	662	556	385
Current			
– purchases of materials	1,320	671	1,284
– purchases of services	849	829	704
	2,169	1,500	1,988
Total	2,831	2,056	2,373

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments			
Non-current			
– purchases of property plant and equipment	64	38	–
Current			
– purchases of materials	493	264	917
– purchases of services	467	301	318
	960	565	1,235
Total	1,024	603	1,235

20 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	6,042	9,196	9,248

The amount represents investments in wealth management products issued by financial institutions in the Chinese Mainland. There are no fixed or determinable returns of these wealth management products.

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	44	36	69
Cash at banks	97,476	187,160	227,013
Less: Time deposits	(28,165)	(104,409)	(102,371)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows	69,355	82,787	124,711

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	6	1	21
Cash at banks	51,672	131,073	155,131
Less: Time deposits	(10,051)	(80,259)	(80,175)
Cash and cash equivalents in the statements of financial position	41,627	50,815	74,977

(b) Reconciliation of profit before taxation to cash generated from operations:

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	41,941	19,621	45,908
Adjustments for:			
Impairment losses/ (reversal of impairment losses) on trade and other receivables	(201)	168	2
Impairment loss of property, plant and equipment and right-of-use assets	984	107	307
Depreciation of property, plant and equipment	8,439	8,366	9,164
Depreciation of right-of-use assets	33,338	34,240	33,166
Amortisation of intangible assets	403	81	82
Write-down of inventories	301	703	609
Equity-settled share-based payment expenses	–	2,067	840
Net (gains)/losses on disposal of property, plant and equipment	(13)	144	8
Net (gains)/losses on disposal of right-of-use assets	(131)	227	(656)
Net (gains)/losses on lease restoration obligation	–	(3)	6
Finance expense	3,232	2,636	2,203
Net realised and unrealised gains on financial assets at FVPL	(46)	(154)	(171)
Share of profits of an associate	(338)	(304)	(377)
Interest income	(397)	(1,750)	(1,697)
Changes in working capital:			
Decrease/(increase) in inventories	4,262	(1,216)	342
(Increase)/decrease in trade and other receivable and rental deposits	(12,763)	3,429	2,860
Decrease/(increase) in prepayments	1,172	669	(488)
Increase in provisions	156	99	27
Increase/(decrease) in trade and other payable	12,208	(1,214)	6,299
Decrease in contract liabilities	(811)	(584)	(913)
Cash generated from operations	91,736	67,332	97,521

(c) Reconciliation of liabilities arising from financing activities:

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

	Lease liabilities *RMB'000* *(Note 24)*
At 1 January 2023	64,767
Changes from financing cash flows:	
Capital element of lease rentals paid	(31,567)
Interest element of lease rentals paid	(3,232)
Total changes from financing cash flows	(34,799)
Other changes:	
Changes in lease liabilities from entering into new leases or lease modification during the year	34,646
Interest expenses *(Note 6(a))*	3,232
Early termination	(312)
Total other changes	37,566
At 31 December 2023 and 1 January 2024	67,534
Changes from financing cash flows:	
Capital element of lease rentals paid	(37,592)
Interest element of lease rentals paid	(2,636)
Total changes from financing cash flows	(40,228)
Other changes:	
Changes in lease liabilities from entering into new leases or lease modification during the year	28,648
Interest expenses *(Note 6(a))*	2,636
Early termination	(3,987)
Total other changes	27,297
At 31 December 2024 and 1 January 2025	54,603
Changes from financing cash flows:	
Capital element of lease rentals paid	(31,647)
Interest element of lease rentals paid	(2,203)
Total changes from financing cash flows	(33,850)
Other changes:	
Changes in lease liabilities from entering into new leases or lease modification during the year	32,835
Interest expenses *(Note 6(a))*	2,203
Early termination	(10,191)
Total other changes	24,847
At 31 December 2025	45,600

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flow for leases comprise the following:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	2,165	1,690	2,134
Within financing cash flows	34,799	40,228	33,850
	36,964	41,918	35,984

These amounts relate to the following:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease rentals settled	36,964	41,918	35,984

22 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	14,642	15,862	20,237
Other payables	11,027	9,154	9,465
Financial liabilities measured at amortised costs	25,669	25,016	29,702
Accrued payroll and other benefits	6,206	5,913	6,526
Other taxes payable	1,661	1,393	2,393
	33,536	32,322	38,621

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	8,554	8,464	12,510
Amounts due to subsidiaries	25,568	38,134	37,439
Other payables	5,942	5,557	5,946
Financial liabilities measured at amortised costs	40,064	52,155	55,895
Accrued payroll and other benefits	2,639	2,877	3,127
Other taxes payable	718	747	1,248
	43,421	55,779	60,270

All trade and other payables are expected to be settled within one year or are repayable on demand.

As at the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 years	12,964	14,091	17,651
1 to 2 years	931	1,064	1,465
Over 2 years	747	707	1,121
	14,642	15,862	20,237

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 years	8,010	7,943	11,888
1 to 2 years	128	263	264
Over 2 years	416	258	358
	8,554	8,464	12,510

23 CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	4,708	6,289	5,151
Customer loyalty scheme (i)	3,965	1,800	2,025
	8,673	8,089	7,176

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	3,591	4,080	2,980
Customer loyalty scheme (i)	3,572	1,666	1,897
	7,163	5,746	4,877

(i) The estimated loyalty points arising from the customer loyalty scheme could be used in the future consumptions in the retail stores. The balance at the end of each reporting period represented the transaction price allocated to unsatisfied performance obligation.

Movements in contract liabilities:

The Group

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	7,146	8,673	8,089
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(4,015)	(7,269)	(7,036)
Increase in contract liabilities as a result of advances from customers	5,542	6,685	6,123
Balance at 31 December	8,673	8,089	7,176

The Company

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	3,575	7,163	5,746
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(759)	(5,873)	(4,778)
Increase in contract liabilities as a result of advances from customers	4,347	4,456	3,909
Balance at 31 December	7,163	5,746	4,877

24 LEASE LIABILITIES

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group

		As at 31 December	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	27,732	25,033	21,480
1 year to 2 years	17,705	13,121	11,789
2 years to 5 years	21,019	15,905	12,331
Over 5 years	1,078	544	–
	39,802	29,570	24,120
	67,534	54,603	45,600

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,179	5,430	5,126
1 year to 2 years	2,413	3,721	2,115
2 years to 5 years	5,641	7,801	2,904
	8,054	11,522	5,019
	13,233	16,952	10,145

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	500	4,764	1,103
Provision for current income tax for the year	5,102	1,888	3,740
Payments during the year	(838)	(5,549)	(2,115)
As at 31 December	4,764	1,103	2,728
Represented by:			
Taxation recoverable	(71)	(183)	(120)
Taxation payable	4,835	1,286	2,848

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/ (liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Periods are as follows:

The Group

	Right-of-use assets	Lease liabilities	Credit loss allowances	Provision of inventories	FVPL	Customer loyalty programme	Unused tax loss	Financial lease receivables	Impairment loss of property, plant and equipment and right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	(7,355)	7,609	136	385	(8)	726	246	(67)	38	(3)	1,707
Credited/(charged) to profit or loss	(187)	837	(30)	(16)	(11)	187	(205)	(308)	–	10	277
At 31 December 2023 and 1 January 2024	(7,542)	8,446	106	369	(19)	913	41	(375)	38	7	1,984
Credited/(charged) to profit or loss	1,926	(2,513)	(25)	7	(39)	(490)	1,318	131	–	6	321
At 31 December 2024 and 1 January 2025	(5,616)	5,933	81	376	(58)	423	1,359	(244)	38	13	2,305
Credited/(charged) to profit or loss	1,313	(1,656)	–	212	(42)	59	(1,023)	107	41	2	(987)
At 31 December 2025	(4,303)	4,277	81	588	(100)	482	336	(137)	79	15	1,318

The Company

	Right-of-use assets	Lease liabilities	Credit loss allowances	Provision of inventories	FVPL	Customer loyalty programme	Unused tax loss	Financial lease receivables	Impairment loss of property, plant and equipment and right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	(3,104)	3,427	130	323	(8)	710	207	(67)	1,464	(3)	3,079
Credited/(charged) to profit or loss	716	(120)	(26)	(3)	(11)	183	(207)	(308)	216	5	445
At 31 December 2023 and 1 January 2024	(2,388)	3,307	104	320	(19)	893	–	(375)	1,680	2	3,524
Credited/(charged) to profit or loss	(1,346)	931	(24)	(5)	(39)	(476)	1,269	131	15	5	461
At 31 December 2024 and 1 January 2025	(3,734)	4,238	80	315	(58)	417	1,269	(244)	1,695	7	3,985
Credited/(charged) to profit or loss	1,344	(1,703)	(1)	(6)	(42)	57	(938)	107	637	4	(541)
At 31 December 2025	(2,390)	2,535	79	309	(100)	474	331	(137)	2,332	11	3,444

Reconciliation to the consolidated statements of financial position

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	1,984	2,305	1,318

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	3,524	3,985	3,444

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(q), as at 31 December 2023, 2024 and 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,796,000, RMB2,547,000 and RMB2,769,000 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The expiration information of the Group's unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2024	968	–	–
2025	847	847	–
2026	620	620	620
2027	–	–	–
2028	361	361	361
2029	–	719	719
2030	–	–	1,069
	2,796	2,547	2,769

26 PROVISIONS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Provisions for restoration costs	154	238	236

The movements of provisions during the Track Record Periods were as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning	81	154	238
Additional provisions	68	95	23
Interest on provisions	5	5	11
Provisions utilised	–	(16)	(36)
Balance at the end	154	238	236
Less: amount included under "current liabilities"	14	9	98
	140	229	138

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Provisions for restoration costs	25	39	61

The movements of provisions during the Relevant Periods were as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning	24	25	39
Additional provisions	–	13	20
Interest on provisions	1	1	2
Balance at the end	25	39	61
Less: amount included under "current liabilities"	–	–	37
	25	39	24

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to restore certain leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for restoration costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical restoration costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted shares

– ***2022 Share Incentive Plan***

In March 2022, the Group adopted the 2022 share incentive plan (the "**2022 Share Incentive Plan**"), pursuant to which the Group was authorised to grant awarded shares to eligible employees and supervisor of the Group. The number of shares for the awards under this 2022 Share Incentive Plan is 232,896 shares with the subscription price of RMB12.16 per shares, among which, 50,000 shares and 155,896 shares were held by one supervisor of the Company and other employees of the Group, through Hangzhou Maosifa Investment Management Partnership Enterprise (Limited Partnership) (the "**Hangzhou Maosifa**") and are conditional upon the fulfilment of service period of 5 years. The subscription price of RMB12.16 per share is determined based on the fair value of the Group's net assets as at the grant date and no share-based payments expenses was recognised accordingly.

– ***2023 Share Incentive Plan***

In December 2023, the Group adopted the 2023 share incentive plan (the "**2023 Share Incentive Plan**"), pursuant to which the Group was authorised to grant awarded shares to eligible employees, directors and supervisors of the Group. The number of shares for the awards under the 2023 Share Incentive Plan is 760,000 shares with the subscription price of RMB14 per share, among which, 80,000 shares and 80,000 shares were directly held by one director of the Company and one employee of the Group, and 70,000 shares and 530,000 shares were held by two supervisors of the Company and other employees of the Group through Hangzhou Maosifa.

The awards are conditional upon the successful completion of a qualified **[REDACTED]** and fulfilment of service period of 5 years. The Group determines the share-based payments expenses at a date of grant of awarded shares with reference to the estimation of the probability and timing of successful **[REDACTED]** since **[REDACTED]** condition is considered as a vesting condition. As at 31 December 2023, 2024 and 2025, the Group assessed that it is probable that the **[REDACTED]** condition will be achieved in the foreseeable future, and share-based payments expenses were recognised accordingly.

The awarded shares granted to employees, directors and supervisors of the Group vest upon the condition that the employees remain in service for the period from the grant date to the later of 5 years since the grant date and after one year of consummation of a qualified **[REDACTED]** of the Company.

The fair value of the awarded shares at the date of grant was determined by an external valuer taking into the terms and conditions upon which the awarded shares were granted. The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company to determine the fair value of the underlying ordinary shares.

The fair value of the underlying ordinary shares granted and the key assumptions to the valuation at the grant date are summarised as below:

	20 December 2023
Fair value per underlying ordinary share	RMB 22.22
Risk-free interest rate	2.70%
Discount rate	11.22%

The fair value per awarded share is the difference between the fair value of underlying ordinary share and the subscription price.

The movements of the awarded shares of the Group during the Track Record Periods are summarised as follows:

	Year ended 31 December 2023		Year ended 31 December 2024		Year ended 31 December 2025	
	weighted average subscription price *RMB*	Number of restricted shares	weighted average subscription price *RMB*	Number of restricted shares	weighted average subscription price *RMB*	Number of restricted shares
Outstanding at the beginning of the year	12.16	232,896	13.61	964,672	13.51	695,386
Granted during the year	14.00	760,000	–	–	–	–
Cancelled during the year	–	–	14.00	(149,286)	–	–
Forfeited during the year	12.16	(28,224)	13.69	(120,000)	–	–
Outstanding at the end of the year	13.61	964,672	13.51	695,386	13.51	695,386

The total expenses recognised in the consolidated statements of profit or loss and other comprehensive income for share-based awards granted to the participants are RMBnil, RMB2,067,000 and RMB840,000 for the years ended 31 December 2023, 2024 and 2025 respectively.

28 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Attributable to equity shareholders of the Company						
	Paid-in capital *RMB'000* *(Note 28(b))*	Share capital *RMB'000* *(Note 28(b))*	Capital reserve *RMB'000* *(Note 28(c)(i))*	Share-based payment reserve *RMB'000* *(Note 28(c)(ii))*	Statutory reserve *RMB'000*	Retained profits/ (accumulated losses) *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023	10,233	–	64,868	–	350	8,000	83,451
Changes in equity for 2023:							
Loss for the year	–	–	–	–	–	(3,993)	(3,993)
Total comprehensive income	–	–	–	–	–	(3,993)	(3,993)
Capital Injection by equity holders	2,467	–	27,533	–	–	–	30,000
Balance at 31 December 2023 and 1 January 2024	12,700	–	92,401	–	350	4,007	109,458

	Attributable to equity shareholders of the Company						
	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Statutory reserve	Retained profits/ (accumulated losses)	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 28(b))	*(Note 28(b))*	*(Note 28(c)(i))*	*(Note 28(c)(ii))*			
Changes in equity for 2024:							
Loss for the year	–	–	–	–	–	(4,282)	(4,282)
Total comprehensive income for the year	–	–	–	–	–	(4,282)	(4,282)
Equity-settled share-based payments	–	–	–	2,067	–	–	2,067
Acquisition of a subsidiary within the Group under common control	–	–	(15)	–	–	–	(15)
Capital injection by equity holders	5,300	–	59,148	–	–	–	64,448
Conversion into a joint stock company with limited liability	(18,000)	23,000	3,802	–	(350)	(8,452)	–
Issuance of ordinary shares	–	3,407	61,526	–	–	–	64,933
Balance at 31 December 2024	–	26,407	216,862	2,067	–	(8,727)	236,609
Changes in equity for 2025:							
Profit for the year	–	–	–	–	–	50,170	50,170
Total comprehensive income	–	–	–	–	–	50,170	50,170
Equity-settled share-based payments	–	–	–	840	–	–	840
Appropriation of statutory reserve	–	–	–	–	4,144	(4,144)	–
Dividend declared and paid during the year	–	–	–	–	–	(37,026)	(37,026)
Balance at 31 December 2025	–	26,407	216,862	2,907	4,144	273	250,593

(b) Share capital

(i) Paid-in capital and share capital

A summary of movements in the Company's issued paid-in capital and share capital during the Track Record Periods is as follows:

	Number of shares	Share capital *RMB'000*	Paid-in capital *RMB'000*
Balance at 1 January 2023	–	–	10,233
Capital injection by the equity holder (i)	–	–	2,467
Balance at 31 December 2023	–	–	12,700
Capital injection by the equity holders (i)	–	–	5,300
Issue of ordinary shares upon conversion into a joint stock limited liability company (ii)	23,000,000	23,000	(18,000)
Issuance of ordinary shares (iii)	3,407,404	3,407	–
Balance at 31 December 2024 and 2025	26,407,404	26,407	–

(i) On 27 January 2022, the registered capital of the Company was increased from RMB10,000,000 to RMB18,000,000, among which, Mr Jin Zengmin subscribed equity interests of RMB6,200,000, and Hangzhou Maosifa subscribed equity interests of RMB1,800,000, with the subscription price of RMB12.16 per equity interest. RMB2,832,000, RMB30,000,000 and RMB64,448,000 for the subscription were paid in 2022, 2023 and 2024 respectively.

(ii) Pursuant to the shareholders' resolution dated 19 April 2024, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as at the conversion base date, which is 29 February 2024, were converted into 23,000,000 shares with par value of RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was recorded as the Company's capital reserve. Upon the completion of registration with the Company on 19 April 2024, the Company was converted into a joint stock limited liability company under PRC Company Law.

(iii) On 7 November 2024, the Company issued 3,407,000 new shares with par value of RMB1 each to Hangzhou Industrial Investment Group Co., Ltd., one shareholder of the Group, with the subscription price of RMB64,933,000. The Company's share capital increased from RMB23,000,000 to RMB26,407,404 accordingly.

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; and (iii) the difference between the net assets acquired under common control and the total consideration paid.

(ii) Share-based payment reserve

The share-based payments reserve represents the portion of the grant date fair value of award shares granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Statutory reserves

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the Chinese Mainland.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(d) Dividends

In 2021, the Group acquired 100% equity interests in Lanzhou Keda Optical Eyewear Co., Ltd. ("**Lanzhou Keda**") which constitutes a business combination under common control. Before the acquisition, Lanzhou Keda declared the dividend of RMB7,000,000 to Mr Jin Zengmin and Ms Peng Meiliu, the then equity holder of Lanzhou Keda in accordance with the resolution of the shareholders of Lanzhou Keda dated 17 May 2021. The dividend of RMB7,000,000 was settled in 2023.

In accordance with the resolution of the shareholders of the Company dated 22 January 2025, a dividend of RMB37,026,178 was declared and paid to all equity shareholders of the Company.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2023, 2024 and 2025. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to meet its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities divided by its total assets, as at 31 December 2023, 2024 and 2025 was 41%, 23%, and 23%, respectively.

The Group was not subject to any externally imposed capital requirements during the Track Record Periods.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risks arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with good credit standing, for which the Group considers having low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 12 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2023, 2024 and 2025, 34%, 16% and 13% of the total trade receivables was due from the Group's largest five customers. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 month	5%	828	41
Over 1 month but within 3 months	5%	1,682	81
Over 3 months but within 6 months	10%	271	27
Over 6 months but within 1 year	19%	32	6
Over 1 year but within 2 years	50%	6	3
Over 2 years	100%	285	285
		3,104	443

	As at 31 December 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 month	5%	1,495	78
Over 1 month but within 3 months	5%	2,114	102
Over 3 months but within 6 months	10%	702	73
Over 6 months but within 1 year	33%	96	32
Over 1 year but within 2 years	50%	84	42
Over 2 years	100%	18	18
		4,509	345

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 month	5%	2,204	116
Over 1 month but within 3 months	5%	567	29
Over 3 months but within 6 months	11%	223	25
Over 6 months but within 1 year	34%	125	43
Over 1 year but within 2 years	50%	170	85
Over 2 years	100%	49	49
		3,338	347

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	(644)	(443)	(345)
Impairment losses reversal/(recognised)	201	(168)	(2)
Amounts written off	–	266	–
At end of the year	(443)	(345)	(347)

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes value-added-tax recoverable, deposits to landlord, amount due from ultimate controlling shareholders.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for other receivables as at 31 December 2023, 2024 and 2025.

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

	As at 31 December 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	25,669	–	–	–	25,669	25,669
Lease liabilities	30,204	21,240	28,527	1,554	81,525	67,534
	55,873	21,240	28,527	1,554	107,194	93,203

	As at 31 December 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	25,016	–	–	–	25,016	25,016
Lease liabilities	28,541	21,072	20,308	797	70,718	54,603
	53,557	21,072	20,308	797	95,734	79,619

	As at 31 December 2025 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	29,702	–	–	–	29,702	29,702
Lease liabilities	27,090	16,869	12,665	–	56,624	45,600
	56,792	16,869	12,665	–	86,326	75,302

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at banks at variable interest rates. The Group's interest rate risk profile as monitored by management is set out below:

	As at 31 December					
	2023		2024		2025	
	Interest rate		Interest rate		Interest rate	
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Fixed rate:						
Lease liabilities	4.30%	(67,534)	3.60%–4.20%	(54,603)	3.50%–3.60%	(45,600)
Loans to ultimate controlling shareholder	–	–	3.00%	20,000	–	–
Time deposits	1.4%–1.8%	28,165	1.6%–1.85%	104,409	1.1%–1.6%	102,371
		(39,369)		69,806		56,771
Variable rate:						
Cash at banks	0.05%–0.1%	69,311	0.05%–0.1%	82,751	0.05%–0.1%	124,642
		69,311		82,751		124,642

The Group does not have significant exposure to the risk of changes in market interest rates during the Track Record Periods.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising the Group are not significant.

(e) Fair value measurement

The fair value of the Group's financial instruments is categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value measurement*. The level, into which a fair value measurement is classified, is determined with the reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2023	Fair value measurement as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Wealth management products	6,042	–	6,042	–

	Fair value at 31 December 2024	Fair value measurement as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Wealth management products	9,196	–	9,196	–

	Fair value at 31 December 2025	Fair value measurement as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Wealth management products	9,248	–	9,248	–

During the Track Record Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Information about Level 2 fair value measurements

The fair value of wealth management products is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

30 COMMITMENTS

The Group did not have any material capital commitments as at 31 December 2023, 2024 and 2025.

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationship of the related parties that had material transactions with the Group during the Track Record Periods

Name of related parties	Relationship
Mr Jin Zengmin 金增敏 and Ms Peng Meiliu 彭美柳 (Spouse of Mr Jin Zengmin)	Ultimate controlling shareholders
Maoyuanchang Holding 毛源昌眼鏡有限公司	Controlling shareholder
Hangzhou Industrial Investment Group Co., Ltd. 杭州市實業投資集團有限公司	Shareholder
Hangzhou Wuchan Development (Hangzhou) Co., Ltd. 杭實物產發展(杭州)有限公司	Subsidiary of shareholder
Gansu Baoshihua Eye Co., Ltd. 甘肅寶石花眼視光有限公司	Associate
Lanzhou Dashengchang Business Management Co., Ltd. 蘭州達盛昌商業管理有限公司** (ceased to be a related party from 30 April 2024)	Entity controlled by Mr Jin Zengmin

* The English name of the entity incorporated in the Chinese Mainland is translated from their registered Chinese name for identification purpose only.

** The controlling equity holder of Lanzhou Dashengchang Business Management Co., Ltd. 蘭州達盛昌商業管理有限公司 was changed from Mr Jin Zengmin to a third party individual on 30 April 2024.

(b) Transactions with related parties

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
– Gansu Baoshihua Eye Co., Ltd.	808	828	770
– Hangzhou Industrial Investment Group Co., Ltd.	–	57	–
Purchase of services			
– Hangzhou Wuchan Development (Hangzhou) Co., Ltd.	41	50	52
Collection of the receivable on behalf of the Group by the controlling shareholder			
– Maoyuanchang Holding	10,907	151	–
Payment of utilities fees made on behalf of the Group by the controlling shareholder			
– Maoyuanchang Holding	287	193	–
Business acquisition under common control			
– Mr. Jin Zengmin (i)	–	128	–
Loans to ultimate controlling shareholders			
– Ms. Peng Meiliu	–	–	30,000
– Mr. Jin Zengmin	–	30,000	–
Interest income from ultimate controlling shareholders			
– Ms. Peng Meiliu	–	–	123
– Mr. Jin Zengmin	–	150	98
Repayments of loans to ultimate controlling shareholders			
– Ms. Peng Meiliu	–	–	30,000
– Mr. Jin Zengmin	–	10,000	20,000
Loans due to ultimate controlling shareholder			
– Mr. Jin Zengmin	649	–	–
Repayment of loan to ultimate controlling shareholder			
– Mr. Jin Zengmin	–	316	–
Waived loan by ultimate controlling shareholder			
– Mr. Jin Zengmin	–	333	–

Notes:

(i) In April 2024, the Group acquired certain main operating assets of Lanzhou Keda Ophthalmology Clinic* 蘭州科達眼科診所, which was previously controlled by Mr Jin Zengmin and the transaction constituted a business combination under common control. The consideration was RMB 128,000, which was the book value of the acquired net assets of Lanzhou Keda Ophthalmology Clinic as at 31 March 2024. Lanzhou Keda Ophthalmology Clinic completed its deregistration on 26 April 2024.

* The English name of the entity incorporated in the Chinese Mainland is translated from their registered Chinese name for identification purpose only.

(c) Leasing arrangement

In 2023, the Group entered into a three-year lease contract with Ms Peng Meiliu in respect of leasehold stores for operating activities. The amount of rent payable by the Group under the lease is RMB300,000 per month. At the commencement date of the lease, the Group recognised right-of-use assets and lease liabilities of RMB10,199,000.

In 2025, the Group entered into a three-year lease contract with Ms Peng Meiliu in respect of leasehold stores for operating activities. The amount of rent payable by the Group under the lease is RMB35,000 per month. At the commencement dates of the leases, the Group recognised right-of-use assets and lease liabilities of RMB1,190,000.

In 2025, the Group entered into a three-year lease contract with Mr Jin Zengmin in respect of leasehold stores for operating activities. The amount of rent payable by the Group under the leases is RMB40,000 per month. At the commencement date of the lease, the Group recognised right-of-use assets and lease liabilities of RMB1,372,000.

In 2024, the Group entered into a three-year lease contract with Hangzhou Industrial Investment Group Co., Ltd. in respect of leasehold stores for operating activities. The amount of rent payable by the Group under the leases is RMB 19,000 per month for the period from 1 March 2024 to 28 February 2025, RMB 20,000 per month for the period from 1 March 2025 to 28 February 2026 and RMB 21,000 per month for the period from 1 March 2026 to 28 February 2027 respectively. At the commencement dates of the leases, the Group recognised right-of-use assets and lease liabilities of RMB 646,000.

In 2023, the Group entered into a two-year lease contract with Lanzhou Dashengchang Business Management Co., Ltd. in respect of leasehold stores for operating activities. The amount of rent payable by the Group under the lease is RMB40,000 per month. At the commencement date of the lease, the Group recognised right-of-use assets and lease liabilities of RMB934,000.

(d) Balance with related parties

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables			
Trade related:			
– Hangzhou Industrial Investment Group Co., Ltd.	19	83	19
– Gansu Baoshihua Eye Co., Ltd.	100	79	136
Non-trade related:			
– Mr. Jin Zengmin	–	20,000	–
Lease liabilities			
Trade related:			
– Mr. Jin Zengmin	462	–	931
– Ms. Peng Meiliu	7,378	3,561	810
– Hangzhou Industrial Investment Group Co., Ltd.	–	447	234
– Maoyuanchang Holding	3,116	1,326	1,338
– Lanzhou Dashengchang Business Management Co., Ltd.	472	–	–
Trade and other payables			
Non-trade related:			
– Mr. Jin Zengmin	649	–	–

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	773	917	1,768
Discretionary bonuses	161	186	358
Contributions to retirement benefit schemes	25	29	37
Share based payments	–	263	263
	959	1,395	2,426

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider Maoyuanchang Holding, Hangzhou Dashengchang Trade Co., Ltd. (shareholder of Maoyuanchang Holding and controlled by Mr Jin Zengmin), Hangzhou Shuangzhou Management Consulting Partnership (Limited Partnership)(shareholder of Maoyuanchang Holding and controlled by Mr Jin Zengmin), Mr Jin Zengmin, Ms Peng Meiliu and Hangzhou Maosifa to be the group of controlling shareholder of the Company and ultimate controlling shareholders of the Group to be Mr Jin Zengmin and Ms Peng Meiliu.

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In accordance with the resolution of the shareholders of the Company dated 28 January 2026, a dividend of RMB 32,217,000 was declared and paid to all equity shareholders.

In accordance with the resolution of the shareholders of the Company dated 12 February 2026, the Company issued 1,207,548 new shares with par value of RMB1 each to certain external investors and internal employees of the Group with the subscription price of RMB21.53 per share, totaling RMB25,999,000, with reference to the fair value of the Group's shares determined by an external valuer. The Company's share capital increased from RMB26,407,000 to RMB27,615,000 accordingly.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIODS

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Periods and which have not been adopted in preparing the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures – Contracts referencing nature dependent electricity	1 January 2026
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to IAS 21, Translation to a hyperinflationary presentation currency	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements. Minor amendments to IAS 7 Statement of cash flows are also made.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have a significant impact on the financial performance and positions of the Group.

Subsequent Financial Statements

No audited financial statements have been prepared by the Company and the companies now comprising the Group in respect of any period subsequent on 31 December 2025.