

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsor pursuant to the requirements of HKSIR 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG CHINA COMMODITIES CITY GROUP CO., LTD. AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Zhejiang China Commodities City Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-1 to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-1 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the “Document”) in connection with the [REDACTED] of H shares of the Company on the Main Board 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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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 (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES
ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “LISTING RULES”) 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-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

[Confucius International CPA Limited]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA (“Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	5	11,280,779	15,474,884	19,707,436
Cost of revenue	8	(8,305,742)	(10,644,613)	(13,518,244)
Gross profit		2,975,037	4,830,271	6,189,192
General and administrative expenses	8	(710,026)	(797,394)	(951,422)
Selling and marketing expenses	8	(240,304)	(321,433)	(470,767)
Research and development expenses	8	(21,749)	(23,221)	(40,714)
Net impairment reversals/(losses) on financial assets	3.2	2,138	(12,891)	(10,710)
Other income	6	71,526	170,944	118,057
Other gains, net	7	221,270	122,466	387,054
Operating profit		2,297,892	3,968,742	5,220,690
Finance income	10	67,434	42,136	66,769
Finance costs	10	(193,111)	(141,845)	(79,493)
Finance costs, net	10	(125,677)	(99,709)	(12,724)
Share of profit of investments in associates and joint ventures	14	1,035,858	159,710	199,606
Profit before income tax		3,208,073	4,028,743	5,407,572
Income tax expense	11	(526,670)	(950,495)	(1,191,856)
Profit for the year		2,681,403	3,078,248	4,215,716
Attributable to:				
— Owners of the Company		2,676,182	3,073,677	4,203,547
— Non-controlling interests		5,221	4,571	12,169
		2,681,403	3,078,248	4,215,716
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)				
● Basic	13	0.49	0.56	0.77
● Diluted	13	0.49	0.56	0.77

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit for the year	2,681,403	3,078,248	4,215,716
Attributable to:			
— Owners of the Company	2,676,182	3,073,677	4,203,547
— Non-controlling interests	5,221	4,571	12,169
	<u>2,681,403</u>	<u>3,078,248</u>	<u>4,215,716</u>
Other comprehensive income/(losses)			
<i>Items that will not be reclassified to profit or loss, net of tax:</i>			
— Changes in fair value of equity instruments at fair value through other comprehensive income/(losses)	43,272	85,604	(7,526)
<i>Items that may be reclassified to profit or loss in subsequent periods, net of tax:</i>			
— Share of other comprehensive income/(losses) of associates and joint ventures	885	(11)	(222)
— Exchange differences on translation of foreign operations	3,193	2,130	(5,794)
Other comprehensive income/(losses) for the year, net of tax	<u>47,350</u>	<u>87,723</u>	<u>(13,542)</u>
Attributable to:			
— Owners of the Company	47,403	87,667	(13,450)
— Non-controlling interests	(53)	56	(92)
	<u>47,350</u>	<u>87,723</u>	<u>(13,542)</u>
Total comprehensive income for the year	<u>2,728,753</u>	<u>3,165,971</u>	<u>4,202,174</u>
Attributable to:			
— Owners of the Company	2,723,585	3,161,344	4,190,097
— Non-controlling interests	5,168	4,627	12,077
	<u>2,728,753</u>	<u>3,165,971</u>	<u>4,202,174</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	17	7,368,323	7,414,658	8,307,132
Investment properties	20	6,002,402	6,911,797	6,355,808
Right-of-use assets	18	6,250,738	5,143,626	4,664,361
Deferred tax assets	23	115,357	62,120	65,685
Intangible assets	19	472,085	481,006	482,164
Investments in associates and joint ventures	14	7,022,780	6,947,117	6,436,773
Equity instruments at fair value through other comprehensive income	15	556,897	671,036	661,002
Other financial assets at fair value through profit or loss	15	1,421,570	1,481,882	1,595,640
Restricted cash and term deposits	30	—	—	316,807
Prepayments and other receivables	25	278,027	293,208	263,820
Other non-current assets	28	138,252	28,034	397,170
Total non-current assets		29,626,431	29,434,484	29,546,362
Current assets				
Inventories	29	1,247,244	1,357,787	2,385,330
Trade and notes receivables	24	592,858	497,320	437,843
Prepayments and other receivables	25	1,102,894	1,215,747	1,726,681
Wealth management products	26	—	400,317	1,785,358
Other financial assets at fair value through profit or loss	15	15,131	—	308,282
Entrusted loans	22	48,073	—	48,073
Restricted cash and term deposits	30	12,556	10,823	2,531,139
Cash and cash equivalents	30	2,910,179	5,528,369	4,284,850
Other current assets	27	663,581	723,614	1,351,518
Total current assets		6,592,516	9,733,977	14,859,074
Total assets		36,218,947	39,168,461	44,405,436

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		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	31	4,361,251	657,589	3,255,269
Lease liabilities	18	176,832	149,984	129,609
Deferred tax liabilities	23	84,045	68,467	129,242
Deferred income	36	160,433	150,801	116,223
Contract liabilities	5	—	—	4,703,512
Total non-current liabilities		4,782,561	1,026,841	8,333,855
Current liabilities				
Borrowings	31	4,800,913	6,812,863	96,475
Received in advance	34	229,057	212,008	235,488
Trade payables	32	1,390,255	1,469,718	1,995,927
Contract liabilities	5	4,439,887	5,932,996	7,465,755
Lease liabilities	18	23,637	21,432	24,513
Current income tax liabilities		179,051	430,072	381,645
Accruals and other payables	33	2,545,222	2,464,692	2,658,820
Other current liabilities	35	124,426	225,379	184,267
Total current liabilities		13,732,448	17,569,160	13,042,890
Total liabilities		18,515,009	18,596,001	21,376,745
Net current (liabilities)/assets		(7,139,932)	(7,835,183)	1,816,184
EQUITY				
Share capital	37	5,484,334	5,483,646	5,483,559
Treasury shares	38	(74,367)	(33,828)	—
Other reserves	41	3,574,822	4,653,449	4,977,671
Retained earnings	40	8,703,605	10,400,490	12,486,681
		17,688,394	20,503,757	22,947,911
Non-controlling interests	16	15,544	68,703	80,780
TOTAL EQUITY		17,703,938	20,572,460	23,028,691
TOTAL LIABILITIES AND EQUITY		36,218,947	39,168,461	44,405,436

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COMPANY’S STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	17	6,258,057	7,028,033	7,839,103
Investment properties	20	4,696,382	5,140,046	4,941,654
Right-of-use assets	18	5,703,432	4,759,212	4,178,421
Deferred tax assets		95,863	54,677	60,943
Intangible assets	19	10,143	8,959	7,727
Investments in associates and joint ventures	14	5,877,914	6,011,639	5,377,468
Investments in subsidiaries	16	4,720,326	4,843,157	5,046,275
Equity instruments at fair value through other comprehensive income	15	556,897	671,036	661,002
Other financial assets at fair value through profit or loss	15	121,590	141,924	226,071
Restricted cash and term deposits	30	—	—	204,944
Prepayments and other receivables	25	31,864	17,164	4
Other non-current assets	28	—	25,926	397,170
Total non-current assets		28,072,468	28,701,773	28,940,782
Current assets				
Inventories	29	5,231	819,198	1,034,772
Prepayments and other receivables	25	3,791,841	2,112,885	2,620,893
Trade and notes receivables	24	33,941	6,235	7,114
Wealth management products	26	—	400,317	1,785,358
Restricted cash and term deposits	30	7,220	4,410	2,374,885
Cash and cash equivalents	30	2,258,309	4,990,599	3,737,266
Other current assets	27	204,019	132,863	163,565
Total current assets		6,300,561	8,466,507	11,723,853
Total assets		34,373,029	37,168,280	40,664,635

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		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	31	4,008,742	474,950	3,206,275
Lease liabilities	18	107,858	104,996	101,463
Deferred tax liabilities		11,435	—	—
Deferred income	36	102,161	92,529	88,445
Contract liabilities	5	—	—	4,703,512
Total non-current liabilities		4,230,196	672,475	8,099,695
Current liabilities				
Borrowings	31	4,786,448	6,812,715	96,475
Received in advance	34	177,430	173,804	208,986
Trade payables	32	990,281	1,075,128	1,752,807
Contract liabilities	5	3,376,454	4,356,315	5,332,082
Lease liabilities	18	3,099	3,055	3,317
Current income tax liabilities		152,662	405,267	291,495
Accruals and other payables	33	2,440,306	3,502,161	3,490,607
Other current liabilities	35	62,678	136,621	35,179
Total current liabilities		11,989,358	16,465,066	11,210,948
Total liabilities		16,219,554	17,137,541	19,310,643
EQUITY				
Share capital	37	5,484,334	5,483,646	5,483,559
Treasury shares	38	(74,367)	(33,828)	—
Other reserves	41	3,781,003	4,175,634	4,504,202
Retained earnings	40	8,962,505	10,405,287	11,366,231
TOTAL EQUITY		18,153,475	20,030,739	21,353,992
TOTAL LIABILITIES AND EQUITY		34,373,029	37,168,280	40,664,635

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other comprehensive income	Other reserves	Retained earnings	Sub-total		
	RMB’000 (Note 37)	RMB’000 (Note 41)	RMB’000 (Note 38)	RMB’000 (Note 41)	RMB’000 (Note 41)	RMB’000 (Note 40)	RMB’000	RMB’000	RMB’000
Balance at January 1, 2023	5,486,074	1,549,909	(119,484)	(24,008)	1,718,359	6,651,441	15,262,291	18,806	15,281,097
Profit for the year	—	—	—	—	—	2,676,182	2,676,182	5,221	2,681,403
Other comprehensive income/ (losses)	—	—	—	47,403	—	—	47,403	(53)	47,350
Total comprehensive income	—	—	—	47,403	—	2,676,182	2,723,585	5,168	2,728,753
Share of other changes in net assets of associates and joint ventures	—	—	—	—	2,563	—	2,563	—	2,563
Appropriation to general risk reserves	—	—	—	—	3,855	(3,855)	—	—	—
Appropriation to statutory reserves	—	—	—	—	263,568	(263,568)	—	—	—
Share-based payment:									
Share-based compensation expenses	—	—	—	—	16,507	—	16,507	—	16,507
Exercise of restricted shares	—	30,340	40,043	—	(30,340)	—	40,043	—	40,043
Cancellation of shares under share schemes	(1,740)	(3,334)	5,074	—	—	—	—	—	—
Declaration of dividends	—	—	—	—	—	(356,595)	(356,595)	—	(356,595)
Disposal of subsidiaries	—	—	—	—	—	—	—	(8,430)	(8,430)
Balance at December 31, 2023	5,484,334	1,576,915	(74,367)	23,395	1,974,512	8,703,605	17,688,394	15,544	17,703,938
Balance at January 1, 2024	5,484,334	1,576,915	(74,367)	23,395	1,974,512	8,703,605	17,688,394	15,544	17,703,938
Profit for the year	—	—	—	—	—	3,073,677	3,073,677	4,571	3,078,248
Other comprehensive income	—	—	—	87,667	—	—	87,667	56	87,723
Total comprehensive income	—	—	—	87,667	—	3,073,677	3,161,344	4,627	3,165,971
Reversal of general risk reserves	—	—	—	—	(1,934)	1,934	—	—	—
Appropriation to statutory reserves	—	—	—	—	282,151	(282,151)	—	—	—
Share-based payment:									
Share-based compensation expenses	—	—	—	—	26,270	—	26,270	—	26,270
Exercise of restricted shares	—	28,634	38,543	—	(23,838)	—	43,339	—	43,339
Cancellation of shares under share schemes	(688)	(1,308)	1,996	—	—	—	—	—	—
Disposal of subsidiaries (Note 44)	—	—	—	—	680,985	—	680,985	48,532	729,517
Declaration of dividends	—	—	—	—	—	(1,096,575)	(1,096,575)	—	(1,096,575)
Balance at December 31, 2024	5,483,646	1,604,241	(33,828)	111,062	2,938,146	10,400,490	20,503,757	68,703	20,572,460

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	Attributable to owners of the Company								
	Share capital	Share premium	Treasury shares	Other comprehensive income	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 37)	RMB'000 (Note 41)	RMB'000 (Note 38)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 40)	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	5,483,646	1,604,241	(33,828)	111,062	2,938,146	10,400,490	20,503,757	68,703	20,572,460
Profit for the year	—	—	—	—	—	4,203,547	4,203,547	12,169	4,215,716
Other comprehensive losses	—	—	—	(13,450)	—	—	(13,450)	(92)	(13,542)
Total comprehensive (losses)/ income	—	—	—	(13,450)	—	4,203,547	4,190,097	12,077	4,202,174
Share of other changes in net assets of associates and joint ventures	—	—	—	—	28,158	—	28,158	—	28,158
Reversal of general risk reserves	—	—	—	—	(81)	81	—	—	—
Appropriation to statutory reserves	—	—	—	—	307,838	(307,838)	—	—	—
Share-based payment:									
Share-based compensation expenses	—	—	—	—	18,472	—	18,472	—	18,472
Exercise of restricted shares	—	53,583	33,619	—	(70,176)	—	17,026	—	17,026
Cancellation of shares under share schemes	(87)	(122)	209	—	—	—	—	—	—
Declaration of dividends	—	—	—	—	—	(1,809,599)	(1,809,599)	—	(1,809,599)
Balance at December 31, 2025	5,483,559	1,657,702	—	97,612	3,222,357	12,486,681	22,947,911	80,780	23,028,691

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cash flows from operating activities				
Cash generated from operations	42(a)	1,964,427	5,183,056	11,633,986
Interest received		67,434	42,136	25,225
Income tax paid		(248,314)	(763,638)	(1,102,262)
Net cash generated from operating activities		1,783,547	4,461,554	10,556,949
Cash flows from investing activities				
Withdrawal of term deposits		—	—	9,245
Withdrawal of wealth management products		40,338	—	2,256,154
Proceeds from repayment of entrusted loan		—	48,000	—
Proceeds from sale of investment properties		—	257,860	804,987
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		200,358	214	889
Proceeds from disposal of equity investments at fair value through profit or loss		36,697	55,969	3,710
Proceeds from disposal and redemption of principal of associates and joint ventures		59,663	159,532	45,559
Dividends received from investments at fair value through other comprehensive income		3,763	9,156	10,160
Dividends received from associates and joint ventures		—	227,886	136,796
Interest income from entrusted loan		2,526	2,504	2,596
Proceeds from repayment of loans by associates and joint ventures		338,679	14,700	17,150
Recovery of intercompany loans from a subsidiary subsequent to its disposal		—	2,573,463	—
Amount due from equity investment at FVPL, associates and joint ventures		587,256	29,513	18,194
Dividends received from equity investments at fair value through profit or loss		8,920	3,587	20,179
Net inflow from acquisition		—	460	—
Government grant received in relation to assets		58,272	—	—
Net cash received from disposal of subsidiaries		12,483	—	—
Purchases of investments at fair value through profit or loss		—	(81,718)	(190,000)
Placement of term deposits		—	—	(2,760,000)
Placement of wealth management products		—	(400,000)	(3,630,000)
Amount due to equity investment at FVPL, associates and joint ventures		(34,806)	—	(27,738)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(2,627,631)	(1,500,262)	(2,182,073)
Payments for purchase of investments in associates and joint ventures		—	(148,059)	(165,000)
Increase in entrusted loan		—	—	(48,000)
Net outflow from disposal		—	(214)	—
Net cash (used in)/generated from investing activities		(1,313,482)	1,252,591	(5,677,192)

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	<i>Note</i>	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cash flows from financing activities				
Proceeds from borrowings		7,593,602	6,393,366	3,798,313
Dividends paid to the Company’s shareholders		(356,595)	(1,096,575)	(1,809,599)
Payments for share buyback for cancellation		(4,932)	(1,996)	—
Principal elements of lease payments		(32,904)	(29,775)	(23,827)
Repayments of borrowings		(6,495,200)	(8,038,880)	(7,875,410)
Interests paid		(243,487)	(317,405)	(194,665)
Others		—	(3,768)	(440)
Net cash generated from/(used in) financing activities		460,484	(3,095,033)	(6,105,628)
Net increase/(decrease) in cash and cash equivalents		930,549	2,619,112	(1,225,871)
Cash and cash equivalents at beginning of the year		1,981,201	2,910,179	5,528,369
Effects of exchange rate changes on cash and cash equivalents		(1,571)	(922)	(17,648)
Cash and cash equivalents at the end of the year	30	2,910,179	5,528,369	4,284,850

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Zhejiang China Commodities City Group Co., Ltd. (浙江中國小商品城集團股份有限公司) (hereinafter referred to as “the Company”), formerly known as Zhejiang Yiwu China Commodities City Co., Ltd. (浙江義烏中國小商品城股份有限公司), is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on December 28, 1993. The Company was listed on the Shanghai Stock Exchange (stock code: 600415) in May 2002. The registered office of the Company is located at YIWU CCC Group Building, No. 567 Yinhai Road, Yiwu, Zhejiang, PRC. The ultimate controlling shareholder is State-owned Assets Supervision and Administration Office of the People’s Government of Yiwu (“the ultimate controlling shareholder”).

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are primarily engaged in the operation of wholesale marketplaces for small commodities. The Group’s main business is organized into the following principal segments: market operations, trade services, commodity sales, ancillary services, and ancillary development and sales.

The Company’s major subsidiaries during the Track Record Period are set out in Note 16.

The Historical Financial Information are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the year ended December 31, 2023 prepared in accordance with the relevant accounting principles in the PRC was audited by Ernst & Young Hua Ming Certified Public Accountants LLP (安永華明會計師事務所(特殊普通合夥)). The statutory consolidated financial statements of the Company for the years ended December 31, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)). Both the auditors were the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss (“FVPL”) and financial assets measured at fair value through other comprehensive income (“FVOCI”).

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 48 to this Historical Financial Information.

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2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

<u>Standards and amendments</u>	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined
Amendments to IFRS 9 and IFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7 ‘Contracts Referencing Nature-dependent Electricity’	January 1, 2026
Annual Improvements — Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 ‘Presentation and Disclosure in Financial Statements’	January 1, 2027
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	January 1, 2027
Amendments to IAS 21 ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group’s financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group’s finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group’s risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) *Foreign Exchange Risk*

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Company and its subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

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As at December 31, 2023, 2024 and 2025, the Group’s major financial assets exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States dollar (“USD”) included in a group entity with different functional currency:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets denominated in:			
USD	5,178	11,606	29,124

As shown in the table above, the Group is primarily exposed to changes in USD exchange rates. The sensitivity of profit or loss before income tax to changes in the exchange rates arises from USD denominated financial instruments is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
USD exchange rate -			
Increase 5%	259	580	1,456
Decrease 5%	(259)	(580)	(1,456)

Other foreign currencies of changes have no significant impact on foreign exchange risk.

(b) *Interest Rate Risk*

The Group’s interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB956,794,000, RMB839,460,000 and RMB523,519,000 respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB4,784,000, RMB4,197,000 and RMB2,618,000, for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

(c) *Price Risk*

The Group is mainly exposed to price risk arising from investments held by the Group that are classified either as wealth management products, FVPL or FVOCI (Note 15). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group’s financial results to price risk of FVPL and FVOCI at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, for the years ended December 31, 2023, 2024 and 2025, (i) profit before tax would have been approximately RMB71,835,000, RMB94,110,000 and RMB184,464,000 higher/lower as a result of gains/losses on financial instruments classified as at FVPL; (ii) other comprehensive income before tax would have been approximately RMB27,845,000, RMB33,552,000 and RMB33,050,000 higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

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3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables, other receivables and entrusted loan. The carrying amount of each class of the above financial assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) *Risk Management*

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with reputable financial institutions which are all high-credit-rating financial institutions.

To manage risk from trade and notes receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) *Impairment of Financial Assets*

The Group has five types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash and term deposits;
- Trade receivables;
- Notes receivables at amortized cost;
- Other receivables and entrusted loans

Credit risk of cash and cash equivalents and restricted cash and term deposits

Cash and cash equivalents and restricted cash and term deposits are mainly placed with high-credit-rating financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade and notes receivables

(i) *Trade receivables*

The Group applies the IFRS 9 simplified approach to measure expected credit loss (“ECL”) which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables for certain customers based on historical settlement records.

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

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Trade Receivables

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for trade receivables:

As at December 31, 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	<u>Gross carrying amount</u>	<u>ECL rate</u>	<u>Loss allowance</u>	<u>Reason</u>
	<u>RMB’000</u>		<u>RMB’000</u>	
Trade receivables	<u>6,262</u>	<u>100%</u>	<u>6,262</u>	Financial difficulty

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	<u>Gross carrying amount</u>	<u>ECL rate</u>	<u>Loss allowance</u>	<u>Reason</u>
	<u>RMB’000</u>		<u>RMB’000</u>	
Trade receivables	<u>18,922</u>	<u>100%</u>	<u>18,922</u>	Financial difficulty

As at December 31, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	<u>Gross carrying amount</u>	<u>ECL rate</u>	<u>Loss allowance</u>	<u>Reason</u>
	<u>RMB’000</u>		<u>RMB’000</u>	
Trade receivables	<u>31,323</u>	<u>76%</u>	<u>23,888</u>	Financial difficulty

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As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	As at December 31, 2023			As at December 31, 2024			As at December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	0.01	587,700	63	0.01	408,234	11	0.38	421,803	1,602
1 to 2 years	1.86	4,146	77	0.02	75,764	17	25.96	12,442	3,230
2 to 3 years	3.68	1,196	44	0.82	2,198	18	36.50	1,567	572
Over 3 years	—	—	—	100.00	1,115	1,115	100.00	1,479	1,479
Total		593,042	184		487,311	1,161		437,291	6,883

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account the historical information and forward-looking information.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	8,498	6,446	20,083
Loss allowance (reversed)/recognized, net	(2,052)	13,637	10,688
Closing loss allowance	6,446	20,083	30,771

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(ii) *Notes Receivables at Amortized Cost*

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes as the Group did not expect that there would be any significant losses from non-performance by these reputable banks.

Credit risk of other receivables and entrusted loans

Other receivables at the end of each of the periods are mainly comprised of deposits, export tax refund and others. Entrusted loans are loans to the non-controlling interest of one subsidiary. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant impact on the debtor’s ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant adverse changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12-month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

Set out below is the information about credit risk exposure on the Group’s other receivables and entrusted loans:

	Stage 1	Stage 2	Stage 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
December 31, 2023				
Expected loss rate	0.95%	—	—	
Gross carrying amount	447,174	—	—	447,174
Loss allowance	<u>4,242</u>	<u>—</u>	<u>—</u>	<u>4,242</u>
December 31, 2024				
Expected loss rate	0.84%	—	—	
Gross carrying amount	414,320	—	—	414,320
Loss allowance	<u>3,460</u>	<u>—</u>	<u>—</u>	<u>3,460</u>
December 31, 2025				
Expected loss rate	0.69%	—	—	
Gross carrying amount	505,045	—	—	505,045
Loss allowance	<u>3,482</u>	<u>—</u>	<u>—</u>	<u>3,482</u>

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The loss allowances for other receivables and entrusted loans for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Opening loss allowance	4,328	4,242	3,460
Loss allowance(reversed)/recognized, net	(86)	(746)	22
Loss allowance written off	—	(36)	—
Closing loss allowance	4,242	3,460	3,482

In view of the fact that the collateral provided by the borrower, substantiated by valuation reports, is substantially higher than the amount of the entrusted loans, the Group does not anticipate any material losses and has therefore made no provision.

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group’s liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group’s liquidity requirements.

The tables below analyze the Group’s financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each Track Record Period to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023						
Trade payables	1,390,255	—	—	—	1,390,255	1,390,255
Accruals and other payables (excluding non-financial liabilities)	2,227,615	—	—	—	2,227,615	2,227,615
Lease liabilities	35,989	32,906	72,668	154,334	295,897	200,469
Borrowings	4,866,797	3,657,432	150,464	702,961	9,377,654	9,162,164
	8,520,656	3,690,338	223,132	857,295	13,291,421	12,980,503

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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2024						
Trade payables	1,469,718	—	—	—	1,469,718	1,469,718
Accruals and other payables (excluding non-financial liabilities)	2,090,716	—	—	—	2,090,716	2,090,716
Lease liabilities	32,693	30,254	53,401	142,906	259,254	171,416
Borrowings	6,904,818	82,987	176,511	527,430	7,691,746	7,470,452
	10,497,945	113,241	229,912	670,336	11,511,434	11,202,302
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2025						
Trade payables	1,995,927	—	—	—	1,995,927	1,995,927
Accruals and other payables (excluding non-financial liabilities)	1,974,373	—	—	—	1,974,373	1,974,373
Lease liabilities	33,733	30,335	45,206	122,048	231,322	154,122
Borrowings	135,662	134,016	2,979,286	324,488	3,573,452	3,351,744
	4,139,695	164,351	3,024,492	446,536	7,775,074	7,476,166

The interest rates of borrowings and lease liabilities are disclosed in Note 31 and Note 18, respectively.

3.4 Capital Management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or financial institutions as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	36,218,947	39,168,461	44,405,436
Total liabilities	18,515,009	18,596,001	21,376,745
Debt to asset ratio	51.12%	47.48%	48.14%

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3.5 Fair Value Estimation

(a) *Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments*

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

<u>As at December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	<u>556,897</u>	<u>—</u>	<u>—</u>	<u>556,897</u>
	<u>556,897</u>	<u>—</u>	<u>—</u>	<u>556,897</u>
Financial assets at fair value through profit or loss				
— Listed equity shares (iii)	15,131	—	—	15,131
— Unlisted equity shares	—	—	199,087	199,087
— Private equity fund investments	<u>—</u>	<u>—</u>	<u>1,222,483</u>	<u>1,222,483</u>
	<u>15,131</u>	<u>—</u>	<u>1,421,570</u>	<u>1,436,701</u>

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<u>As at December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	<u>671,036</u>	<u>—</u>	<u>—</u>	<u>671,036</u>
	<u>671,036</u>	<u>—</u>	<u>—</u>	<u>671,036</u>
Financial assets at fair value through profit or loss				
— Wealth management products (i)	<u>—</u>	<u>400,317</u>	<u>—</u>	<u>400,317</u>
— Unlisted equity shares	<u>—</u>	<u>—</u>	<u>239,850</u>	<u>239,850</u>
— Private equity fund investments	<u>—</u>	<u>—</u>	<u>1,242,032</u>	<u>1,242,032</u>
	<u>—</u>	<u>400,317</u>	<u>1,481,882</u>	<u>1,882,199</u>
<u>As at December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	<u>661,002</u>	<u>—</u>	<u>—</u>	<u>661,002</u>
	<u>661,002</u>	<u>—</u>	<u>—</u>	<u>661,002</u>
Financial assets at fair value through profit or loss				
— Wealth management products (i)	<u>—</u>	<u>1,283,122</u>	<u>—</u>	<u>1,283,122</u>
— Structured deposits	<u>—</u>	<u>—</u>	<u>502,236</u>	<u>502,236</u>
— Listed equity shares (ii)	<u>—</u>	<u>—</u>	<u>308,282</u>	<u>308,282</u>
— Unlisted equity shares	<u>—</u>	<u>—</u>	<u>231,372</u>	<u>231,372</u>
— Private equity fund investments	<u>—</u>	<u>—</u>	<u>1,364,268</u>	<u>1,364,268</u>
	<u>—</u>	<u>1,283,122</u>	<u>2,406,158</u>	<u>3,689,280</u>

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The Company

<u>As at December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	<u>556,897</u>	<u>—</u>	<u>—</u>	<u>556,897</u>
	<u>556,897</u>	<u>—</u>	<u>—</u>	<u>556,897</u>
Financial assets at fair value through profit or loss				
— Unlisted equity shares	<u>—</u>	<u>—</u>	<u>116,027</u>	<u>116,027</u>
— Private equity fund investments	<u>—</u>	<u>—</u>	<u>5,563</u>	<u>5,563</u>
	<u>—</u>	<u>—</u>	<u>121,590</u>	<u>121,590</u>
<u>As at December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	<u>671,036</u>	<u>—</u>	<u>—</u>	<u>671,036</u>
	<u>671,036</u>	<u>—</u>	<u>—</u>	<u>671,036</u>
Financial assets at fair value through profit or loss				
— Wealth management products (ii)	<u>—</u>	<u>400,317</u>	<u>—</u>	<u>400,317</u>
— Unlisted equity shares	<u>—</u>	<u>—</u>	<u>136,259</u>	<u>136,259</u>
— Private equity fund investments	<u>—</u>	<u>—</u>	<u>5,665</u>	<u>5,665</u>
	<u>—</u>	<u>400,317</u>	<u>141,924</u>	<u>542,241</u>

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<u>As at December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Financial assets at fair value through other comprehensive income				
— Equity instruments at FVOCI (<i>Note 15</i>) (iii)	661,002	—	—	661,002
	<u>661,002</u>	<u>—</u>	<u>—</u>	<u>661,002</u>
Financial assets at fair value through profit or loss				
— Wealth management products (i)	—	1,283,122	—	1,283,122
— Structured deposits	—	—	502,236	502,236
— Unlisted equity shares	—	—	135,521	135,521
— Private equity fund investments	—	—	90,550	90,550
	<u>—</u>	<u>1,283,122</u>	<u>728,307</u>	<u>2,011,429</u>

- (i) Wealth management products mainly consist of monetary fund products issued by banks. The fair values are based on quoted value provided by banks.
- (ii) The fair value of listed equity investments subject to a lock-up period was assessed by the management of the Group with reference to the valuation conducted by an independent professional valuer.
- (iii) The market prices of the above listed equity shares measured at Level 1 fair value are determined based on the quoted closing price in active markets.

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

(b) The Group’s Valuation Process

For the financial assets and financial liabilities, classified as level 3 fair values, the Group’s finance department assisted by the independent valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

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(c) *The reconciliation of Level 3 assets are analyzed below:*

	Financial assets at FVPL		
	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Opening balance	1,500,308	1,421,570	1,481,882
Additions/(disposals):			
Equity instruments at FVPL	—	—	60,000
Unlisted equity shares at FVPL	—	15,437	—
Private equity fund investments	(25,484)	32,083	119,741
Structured deposits	—	—	500,000
Changes in fair value through profit or loss	(53,254)	12,792	244,535
Closing balance	1,421,570	1,481,882	2,406,158

- (i) The fair values of unlisted equity instruments at FVPL as at December 31, 2023, 2024 and 2025 have been arrived with reference to the recent transaction prices, adjusted net assets or valuation carried out on the dates by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method under market approach.

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(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value			Valuation techniques	Significant unobservable input(s)	Ranges of inputs	Significant unobservable input(s)	Ranges of inputs	Significant unobservable input(s)	Ranges of inputs	Relationship of unobservable input(s) to fair values
	As at December 31,										
	2023	2024	2025								
	RMB'000	RMB'000	RMB'000								
Equity instruments at FVPL	826,968	897,593	883,329								
				Guideline Public Company Method	Price-to-Book Ratio (“P/B”)	0.33–1.28	Price-to-Book Ratio (“P/B”)	0.37–1.31	Price-to-Book Ratio (“P/B”)	0.27–1.02	An increase in P/B used would result in an increase in the fair value of the unlisted equity investment, and vice versa.
				Guideline Public Company Method	Price-to-Earnings Ratio (“P/E”)	29.39	Price-to-Earnings Ratio (“P/E”)	20.7	Price-to-Earnings Ratio (“P/E”)	17.78–26.57	An increase in P/E used would result in an increase in the fair value of the unlisted equity investment, and vice versa.
				Guideline Public Company Method	—	—	Price-to-Sales Ratio (“P/S”)	0.85	Price-to-Sales Ratio (“P/S”)	0.51	An increase in P/S used would result in an increase in the fair value of the unlisted equity investment, and vice versa.
	594,602	584,289	712,311	Net asset value	Net asset value	N/A	Net asset value	N/A	Net asset value	N/A	An increase in net asset value would result in an increase in fair value, and vice versa
	—	—	308,282	Black-Scholes model	—	—	—	—	Lack of marketability discount (“DLOM”)	7.30%	An increase in DLOM would result in decrease in fair value, and vice versa.
Structured deposits	—	—	502,236	Discounted cash flow method	—	—	—	—	Discount rate	1.00%-1.94%	An increase in discount rate would result in decrease in fair value, and vice versa.
(i)	Other than described above, there were no significant unobservable inputs that materially affect its fair values.										

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As for the year ended December 31, 2023, 2024 and 2025 (i) if the P/E, P/B and P/S used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB34,756,000, RMB11,567,000, and RMB9,084,000 higher, and vice versa; (ii) If the DLOM used in Black-Scholes model had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately nil, nil, and RMB16,628,000 lower, and vice versa.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Net realisable value of inventories

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

The Group assesses the net realisable value of inventories as well as the amount of write-down of inventory provision at the end of each reporting period, which involves significant judgement on determination of the estimated selling prices, costs to completion and costs necessary to make the sale. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

(b) Allowance for Expected Credit Loss of Receivables

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for receivables. The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese mainland and abroad. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Non-financial assets, mainly including property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use (“VIU”) calculations or fair value less costs of disposal (“FVLCD”). These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group’s non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group’s financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss.

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(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group’s results or financial position.

(e) Fair Value Measurement of Financial Assets at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.5.

(f) Classification of Properties

The Group is primarily engaged in the leasing, promoting and operation of marketplace, which involves the provision of marketing, hospitality, warehousing and logistics services, as well as exhibitions and convention services across its physical locations.

The Group classifies buildings used for market operations, hospitality services, warehousing and logistics services, exhibitions and convention services (all of which are directly related to the Group’s principal business activities), as well as buildings for administrative purposes, as property, plant and equipment, and recognises the corresponding land use rights as right-of-use assets.

For properties leased to auxiliary service providers, including restaurants and bank, where such leasing activities are not directly related to the Group’s principal business activities, the Group assessed that the non-lease components (e.g., provision of property management services) are relatively insignificant. Such properties are held to earn rentals and/or for capital appreciation (including properties under construction for such purposes) and therefore the Group classifies these properties as investment properties. In cases where buildings are classified as investment properties, the corresponding land use rights are also presented as part of investment properties.

(g) Revenue from contracts with customers

Information about the critical accounting estimates and judgments relating to revenue from contracts with customers is provided in note 5.

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5. OPERATING SEGMENT INFORMATION

(a) Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following business lines:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Market operations	3,035,052	4,529,522	5,255,112
Trade services	469,501	547,302	1,305,019
Commodity sales	6,791,567	9,257,235	9,984,021
Ancillary services	466,621	448,389	543,029
Ancillary facility development and sales (i)	39,296	2,752	1,950,258
Others	54,692	31,974	43,410
Revenue from contracts with customers	10,856,729	14,817,174	19,080,849
Lease income	424,050	657,710	626,587
	<u>11,280,779</u>	<u>15,474,884</u>	<u>19,707,436</u>

- (i) The increase in 2025 resulted primarily from the sale of the ancillary office buildings of the global digital trade center and the logistics park.

Geographical information by customers

The Company is domiciled in Chinese mainland. The amount of the Group’s revenue from external customers by delivery location is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland	10,959,186	14,938,928	18,960,780
Other countries or regions	321,593	535,956	746,656
	<u>11,280,779</u>	<u>15,474,884</u>	<u>19,707,436</u>

Timing of revenue from contracts with customers recognition

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
By revenue recognition date			
— At a point in time	7,128,959	9,781,366	12,412,558
— Over time	3,727,770	5,035,808	6,668,291
	<u>10,856,729</u>	<u>14,817,174</u>	<u>19,080,849</u>

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The executive directors assess the financial performance and position of the Group and make strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director and the chief financial officer.

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For the purposes of assessing segment performance and allocating resources between segments, the CODM monitor the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the costs incurred by those segments. The measure used for reporting segment profit is gross profit.

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2023, 2024 and 2025 is as follows:

Segment information for the year ended December 31, 2023 is as follows:

	Market operations unit	Trade services unit	Ancillary facility development and sales unit	Ancillary services unit	Commodity sales unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from transactions							
with external customers	3,050,596	469,875	39,296	504,285	6,792,677	—	10,856,729
Other revenue (i)	256,991	157,837	—	9,222	—	—	424,050
Inter-segment revenue	43,363	96,633	—	62,460	78,238	(280,694)	—
Cost of revenue	778,318	229,440	36,705	425,900	6,759,774	(106,294)	8,123,843
Lease cost	98,424	90,077	—	6,051	—	(12,653)	181,899
Gross profit	2,474,208	404,828	2,591	144,016	111,141	(161,747)	2,975,037
Operating profit/(losses)	2,109,542	129,456	1,248	(65,329)	17,982	104,993	2,297,892
Finance income	53,044	13,778	1	4,178	571	(4,138)	67,434
Finance costs	(196,671)	—	—	(2)	(576)	4,138	(193,111)
Share of profits or losses of investments accounted for using the equity method	1,071,651	(35,837)	—	—	44	—	1,035,858
Profit/(losses) before income tax	3,037,566	107,397	1,249	(61,153)	18,021	104,993	3,208,073
Total assets	35,628,631	11,253,898	71,742	1,497,430	1,428,611	(13,661,365)	36,218,947
Total liabilities	16,170,065	5,812,097	2,654	1,476,310	1,268,115	(6,214,232)	18,515,009

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Segment information for the year ended December 31, 2024 is as follows:

	Market operations unit	Trade services unit	Ancillary facility development and sales unit	Ancillary services unit	Commodity sales unit	Elimination between business units	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue from transactions							
with external customers	4,539,604	559,492	2,752	455,978	9,259,348	—	14,817,174
Other revenue (i)	441,286	188,973	326	26,039	1,086	—	657,710
Inter-segment revenue	61,826	132,176	—	70,751	67,937	(332,690)	—
Cost of revenue	686,812	144,807	3,692	389,824	9,193,275	(74,064)	10,344,346
Lease cost	225,721	142,298	—	23,728	509	(91,989)	300,267
Gross profit/(losses)	4,130,183	593,536	(614)	139,216	134,587	(166,637)	4,830,271
Operating profit/(losses)	3,689,248	226,030	156	(47,979)	(12,084)	113,371	3,968,742
Finance income	28,718	8,013	1	2,769	2,635	—	42,136
Finance costs	(138,205)	(3,165)	—	—	(475)	—	(141,845)
Share of profits or losses of investments accounted for using the equity method	157,355	2,084	—	—	271	—	159,710
Profit/(losses) before income tax	3,737,116	232,962	157	(45,210)	(9,653)	113,371	4,028,743
Total assets	39,399,893	8,198,244	71,345	1,476,419	1,925,231	(11,902,671)	39,168,461
Total liabilities	15,607,194	3,382,366	2,101	1,397,464	1,800,830	(3,593,954)	18,596,001

Segment information for the year ended December 31, 2025 is as follows:

	Market operations unit	Trade services unit	Ancillary facility development and sales unit	Ancillary services unit	Commodity sales unit	Elimination between business units	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue from transactions							
with external customers	5,258,855	1,321,130	1,950,258	564,762	9,985,844	—	19,080,849
Other revenue (i)	382,221	223,175	—	21,191	—	—	626,587
Inter-segment revenue	69,301	155,090	261	107,862	101,093	(433,607)	—
Cost of revenue	875,083	255,831	1,746,193	473,653	9,915,187	(56,260)	13,209,687
Lease cost	247,910	143,620	—	10,231	—	(93,204)	308,557
Gross profit	4,587,384	1,299,944	204,326	209,931	171,750	(284,143)	6,189,192
Operating profit	3,781,126	1,215,085	201,739	5,689	38,003	(20,952)	5,220,690
Finance income	58,270	2,508	13	2,981	2,997	—	66,769
Finance costs	(78,000)	(1,233)	—	—	(260)	—	(79,493)
Share of profits or losses of investments accounted for using the equity method	182,808	16,726	—	—	72	—	199,606
Profit before income tax	3,944,204	1,233,086	201,752	8,670	40,812	(20,952)	5,407,572
Total assets	40,548,653	9,391,119	611,529	1,671,029	2,963,675	(10,780,569)	44,405,436
Total liabilities	14,977,866	3,356,439	544,597	1,517,781	2,801,510	(1,821,448)	21,376,745

(i) Other revenue represents lease income.

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(c) Revenue from Major Customers

Revenue from customer for the years ended December 31, 2023, 2024 and 2025 contributing over 10% of the total sales of the Group are as follows:

	Year ended December 31,					
	2023		2024		2025	
	RMB’000	%	RMB’000	%	RMB’000	%
Customer A	<u>1,799,489</u>	<u>15.95%</u>	<u>1,580,457</u>	<u>10.21%</u>	<u>N/A*</u>	<u>N/A*</u>

* Less than 10% of the Group’s revenue for the respective year.

(d) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Advance for market operations service	3,407,705	2,845,988	4,878,849
Advance for commodity sales	820,058	997,203	1,634,316
Advance for ancillary facility development sales	5,091	1,508,678	379,335
Others	<u>207,033</u>	<u>581,127</u>	<u>573,255</u>
	4,439,887	5,932,996	7,465,755
Non-current			
Advance for market operations service	<u>—</u>	<u>—</u>	<u>4,703,512</u>
	<u>4,439,887</u>	<u>5,932,996</u>	<u>12,169,267</u>

As at January 1, 2023, the Group’s contract liabilities from customers amounted to approximately RMB4,630,047,000.

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the year, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognized that was included in the beginning balance	<u>4,245,188</u>	<u>4,172,699</u>	<u>5,171,596</u>

Management expects that the unsatisfied performance obligations, recognized as current liabilities, will be fulfilled within one year, while the non-current portion will be fulfilled over the following one to two years.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Advance for market operations service	3,346,503	2,813,327	4,878,849
Advance for commodity sales	10,680	19,798	22,637
Advance for ancillary facility development sales	—	1,508,678	379,335
Others	19,271	14,512	51,261
	<u>3,376,454</u>	<u>4,356,315</u>	<u>5,332,082</u>
Non-current			
Advance for market operations service	—	—	4,703,512
	<u>3,376,454</u>	<u>4,356,315</u>	<u>10,035,594</u>

As at January 1, 2023, the Company’s contract liabilities from customers amounted to approximately RMB3,671,054,000.

(e) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(i) Market Operations

The Group operates and manages a cluster of large-scale physical marketplaces collectively known as Yiwu China Commodities City. These marketplaces function as a comprehensive trading hub for small commodities, enabling merchants and buyers to conduct product display, sourcing and transactions within a centralized and standardized trading environment.

In its market operations, the Group provides merchant onboarding, booth allocation, product category planning, day-to-day market governance and various promotional campaigns, as well as a range of other services related to its trading service business line and ancillary services.

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Under the marketplace operation model, the Group primarily generates revenue through (i) booth usage fees and (ii) entry fees.

Booth usage fees are determined with reference to booth location, product category and prevailing market conditions. Revenue arising from booth usage fees is recognised by the Group at the amount agreed in the agreement on a straight-line basis over the contractual period.

Entry fees are charged for newly allocated or reconfigured booths, reflecting the organizational work, preparation and reintroduction efforts required to enable such booths to operate effectively, together with related follow-up marketplace services, including promoting and marketing the marketplace. Entry fees are recognised over time based on input method, which is to recognise revenue on the basis of the Group’s efforts and inputs to provide services to the merchants relative to the total expected inputs to provide such services. The Group estimated the expected inputs and efforts based on historical experience taking into consideration of latest market situation, which involves significant management judgement. In particular, platform seat fees in connection with the initial allocation of booths and merchant sourcing and onboarding, as well as the provision of ancillary services supporting merchants’ initial move-in to the market, are recognised over time throughout the period during which the merchants onboarded.

(ii) *Trade Services*

Digital Trade Services

Revenue from digital trade services is derived mainly from the *Chinagoods*, which serves as the online extension of the physical marketplaces by connecting merchants, products, and buyers. Revenue is recognized based on the tiered service packages offered, which include annual subscription fees, value-added service fees, and digital platform infrastructure fees. Annual subscription fees are recognized on a straight-line basis over the subscription period, while value-added service fees and digital platform infrastructure fees are recognised when the related services are rendered.

Trade-Related Financial Services

The Group offers cross-border payment service, domestic payment and e-CNY services, credit reporting services and factoring services. Except revenue from credit reporting services and factoring services are recognized over time, revenue from other services are recognized at a point in time when control of the service transfers to the customer. This transfer occurs when the services have been completed in accordance with the contractual specifications and the customer has formally accepted the services, thereby confirming that the Group has fulfilled its performance obligation.

(iii) *Commodity Sales*

Revenue from commodity sales is primarily derived from import and export trading and retail business cross-border trade activities. The Group recognizes revenue at a point in time for commodity sales.

Revenue from domestic sales of commodities shall be recognized at a point in time based on the sales contracts, settlement vouchers and other supporting documents, generally upon either (i) the customer taking delivery of the commodities at the Group’s designated location (customer pick-up), or (ii) the completion of commodities delivery to the named place of destination and acceptance by the customer. Upon confirming the acceptance, the customer has the right to sell the commodities at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from overseas sales of commodities shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents. Upon the completion of customs declaration or arrival to the named port, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

For commodity sales, the Group considers itself to be the provider of services, as it controls the commodities at any point in time before they are transferred to customers. This control is evidenced by: (i) the Group is primarily responsible for fulfilling the promise to provide the specified goods; (ii) the Group bears inventory risk before the

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commodities are transferred to customers; and (iii) the Group has discretion in establishing the prices of the commodities. Accordingly, the Group acts as the principal in these arrangements and recognises revenue and the related costs incurred on a gross basis.

(iv) *Ancillary Services*

Hospitality Services

Revenue is primarily derived from the hotel room service, food and beverage services and other ancillary goods and services, including but not limited to conference reservation, merchandise sales and venue leasing. Each of these products and services represents an individual performance obligation and, in exchange for these services, the Group receives fixed amounts based on published rates or negotiated contracts. Payment is due in full at the time when the services are rendered or the goods are provided. Room rental revenue is recognized on a daily basis when rooms are occupied. Food and beverage revenue and other goods and services revenue are recognized when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

Exhibition and Convention Services

Revenue is primarily derived from exhibition organization services, exhibition venues lease and exhibition-related supporting services. Revenue from exhibition organization services and exhibition agency services are recognized at a point in time when control of the service transfers to the customer. This transfer occurs when the services have been completed in accordance with the contractual specifications and the customer has formally accepted the services, thereby confirming that the Group has fulfilled its performance obligation.

(v) *Ancillary Facility Development and Sales*

The Group develops and sells commercial streets, office buildings and logistics park to support and enhance market operations services. Revenues are recognized when or as the control of the property is transferred to the customer. Revenue is recognized when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment.

6. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (i)	32,169	44,849	57,277
Interest income (ii)	21,434	28,362	54,358
Dividend income (iii)	17,871	97,163	5,811
Others	52	570	611
	<u>71,526</u>	<u>170,944</u>	<u>118,057</u>

- (i) The amount mainly comprises subsidies received from the PRC local government authorities as incentives for the Group’s construction activities. Unconditional government grants are recognized in profit and loss when received, while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.
- (ii) The amount mainly comprises interest income from the Group’s term deposits, amount due from joint ventures, and entrusted loans. Interest income from cash and cash equivalent is included in “Finance costs, net” (Note 10).
- (iii) Dividends are received from equity investment. Dividends are recognised when the right to receive payment is established in profit or loss, unless they clearly represent a recovery of part of the cost of an investment. The Group presents dividends recognised in profit or loss as other income.

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7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net gains on disposal of financial instruments	2,946	4,650	5,837
Fair value changes in financial instruments	(52,431)	12,871	247,657
Net foreign exchange gains/(losses)	4,963	701	(85)
Net gains/(losses) on disposal of property, plant and equipment and other long-term assets (i)	139,114	(87)	2,199
Losses from disposal of other financial assets at fair value through profit or loss	(421)	(979)	—
Gains from disposal of subsidiary	9,663	—	—
Gains from disposal of associates	—	—	84
Net gains on disposal of investment properties	—	83,290	76,815
Provisions reversed (ii)	110,621	—	—
Forfeited trade payables	—	12,107	—
Compensation received	5,852	7,884	54,685
Others	963	2,029	(138)
	221,270	122,466	387,054

(i) In 2023, the government demolished the Binwang Market and revoked the land use rights, in consideration of which it provided demolition compensation to the Company.

(ii) In 2017, the Company’s former subsidiary, Zhejiang Yiwu China Commodities City Trading Co., Ltd. (the “Trading Company”, which became an associate of the Company in 2018), experienced a letter of credit default due to its employee’s involvement in letter of credit fraud. The Company initially recognized a provision for contingent liabilities of RMB136,939,000 in 2017. In 2018, after the Company and the Trading Company were sued, the provision was adjusted to RMB110,620,000 based on the claim amount asserted in the lawsuit.

In August 2023, the Company received a civil judgment from the court, ruling that the Trading Company is liable for repaying the plaintiff the letter of credit advance of RMB95,218,000, along with the corresponding interest and compound interest. In November 2023, the Company obtained a final court decision ruling in its favour and confirming that the Company is not liable for the relevant letters of credit. Accordingly, the provision for contingent liabilities previously recognized by the Company was reversed in 2023.

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8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of commodities	6,757,562	9,189,222	9,912,299
Depreciation and amortization	888,139	890,339	1,002,037
Employee benefits expenses (<i>Note 9</i>)	536,292	570,036	680,804
Property management fees	270,994	269,889	332,388
Taxes and surcharges	146,197	213,544	336,739
Promotional expenses	142,522	171,911	288,698
Food and beverage costs	103,063	114,405	126,517
Property maintenance costs	70,076	102,359	156,654
Market operations service fee	47,339	47,455	42,386
Utility expenses	42,788	31,261	17,892
Cost of ancillary sold	36,705	3,692	1,746,193
Advertising expenses	26,939	57,245	80,417
Office expenses	24,982	26,350	29,951
Professional services and other consulting fees	16,178	9,223	16,106
Hotel operating costs	10,055	12,610	13,180
Auditors’ remuneration	3,419	3,060	3,004
Other expenses	154,571	74,060	195,882
	9,277,821	11,786,661	14,981,147

9. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS’ REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and bonuses	391,454	411,712	515,694
Share-based compensation expenses	16,507	8,408	610
Housing fund, medical insurance and other social insurance	45,300	49,649	51,216
Pension costs — defined contribution plan	30,904	38,126	41,267
Other employee benefits	52,127	62,141	72,017
	536,292	570,036	680,804

- (i) Other employee benefits primarily consist of staff welfare expenses, trade union funds, staff education funds and corporate annuity plan.
- (ii) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

Employees who have completed one year of service with the Group are eligible to participate in the corporate annuity plan. The Group contribute 8% of the salary of participating employee to the scheme each year.

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(a) Directors’ and Supervisors’ Remuneration

Directors’ and supervisors’ remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Zhao Wenge	—	740	40	111	128	1,019
Mr. Wang Dong	—	740	40	111	128	1,019
Mr. Xu Hang	—	629	40	111	128	908
Non-executive directors: (*)						
Mr. Li Chengqun	—	—	—	—	—	—
Mr. Zhang Lang	—	—	—	—	—	—
Mr. Zhang Leping	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Ma Shuzhong	92	—	—	—	—	92
Mr. Hong Jianqiao	94	—	—	—	—	94
Mr. Luo Jinming	92	—	—	—	—	92
Supervisors:						
Mr. Wang Jinjian (*)	—	—	—	—	—	—
Mr. Fang Min	—	317	40	95	—	452
Mr. Jin Yongsheng	—	189	14	47	—	250
Independent supervisors: (*)						
Ms. Jin Xiaojia	—	—	—	—	—	—
Ms. Wu Menghua	—	—	—	—	—	—
	278	2,615	174	475	384	3,926

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Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Zhao Wenge (i)	—	355	17	47	(162)	257
Mr. Wang Dong	—	651	44	113	57	865
Mr. Xu Hang	—	553	44	113	57	767
Non-executive directors: (*)						
Mr. Li Chengqun	—	—	—	—	—	—
Mr. Zhang Lang	—	—	—	—	—	—
Mr. Zhang Leping (ii)	—	—	—	—	—	—
Ms. Liu Xiaojing (ii)	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Ma Shuzhong	98	—	—	—	—	98
Mr. Hong Jianqiao	96	—	—	—	—	96
Mr. Luo Jinming	98	—	—	—	—	98
Supervisors:						
Mr. Wang Jinjian (*)	—	—	—	—	—	—
Mr. Fang Min	—	318	43	97	—	458
Mr. Jin Yongsheng	—	203	18	51	—	272
Independent supervisors: (*)	—	—	—	—	—	—
Ms. Jin Xiaojia	—	—	—	—	—	—
Ms. Wu Menghua	—	—	—	—	—	—
	292	2,080	166	421	(48)	2,911

- (i) Mr. Zhao Wenge resigned as executive director of the Company in May 2024 and therefore failed to satisfy the service condition of the share-based payment arrangement. As a result, the share-based compensation expenses previously recognised in prior years were reversed in 2024.
- (ii) Mr. Zhang Leping resigned as a non-executive director in August 2024, and Ms. Liu Xiaojing was appointed as a non-executive director in September 2024.

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:						
Mr. Chen Dezhan (i)	—	374	24	60	—	458
Mr. Wang Dong (i)	—	464	24	57	2	547
Mr. Bao Hua (i)	—	658	49	117	—	824
Mr. Xu Hang	—	761	49	117	2	929
Mr. Wang Xiangrong (i)	—	63	8	19	—	90
Non-executive directors: (*)						
Mr. Li Chengqun (ii)	—	—	—	—	—	—
Mr. Zhang Lang (ii)	—	—	—	—	—	—
Ms. Liu Xiaojing	—	—	—	—	—	—
Mr. Wu Xiubin (ii)	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Ma Shuzhong (iii)	105	—	—	—	—	105
Mr. Hong Jianqiao	116	—	—	—	—	116
Mr. Luo Jinming	114	—	—	—	—	114
Mr. Zhang Chenghong (iii)	5	—	—	—	—	5
Supervisors: (iv)						
Mr. Wang Jinjian (*)	—	—	—	—	—	—
Mr. Fang Min	—	253	35	74	—	362
Mr. Jin Yongsheng	—	163	15	39	—	217
Independent supervisors: (iv)(*)						
Ms. Wang Gaiying (v)	—	—	—	—	—	—
Ms. Jin Xiaojia (v)	—	—	—	—	—	—
Ms. Wu Menghua	—	—	—	—	—	—
	340	2,736	204	483	4	3,767

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- (i) Mr. Wang Dong resigned as an executive director of the Company in June 2025; Mr. Bao Hua, Mr. Wang Xiangrong and Mr. Chen Dezhan were appointed as executive directors of the Company in January, October and July 2025.
- (ii) Mr. Li Chengqun and Mr. Zhang Lang resigned as non-executive directors of the Company in April and July 2025; Mr. Wu Xiubin was appointed as a non-executive director of the Company in December 2025.
- (iii) Mr. Ma Shuzhong resigned as an independent non-executive director of the Company in December 2025; Mr. Zhang Chenghong was appointed as an independent non-executive director of the Company in December 2025.
- (iv) The Company held its third extraordinary general meeting in 2025 on September 29, 2025, approving the abolition of the board of supervisors by special resolution. As at December 31, 2025, the board of supervisors and all supervisor positions (including independent supervisors) have been cancelled. The current period remuneration represents supervisors’ remuneration expenses for the period from January to September 2025.
- (v) Ms. Jin Xiaojia resigned as independent supervisors of the Company in January 2025; Ms. Wang Gaiying was appointed as an independent supervisor of the Company in February 2025.
- * These non-executive directors, a supervisor and independent supervisors did not receive any remuneration from the Group in relation to his services rendered for the Group. The remunerations were borne by the Holding Company and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation during the Track Record Period.

Subsequent to the Track Record Period, in April 2026, the Company nominated Mr. Wong Kennedy Ying-ho as a candidate for independent non-executive Director. His appointment shall take effect upon the [REDACTED] of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited and shall last until the expiration of the term of the tenth session of the Board of Directors.

(b) Directors’ and Supervisors’ Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director’s services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors’ and supervisors’ services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 46, there were no significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group do not include any director or supervisor during the years ended December 31, 2023, 2024 and 2025.

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The emoluments paid to the five highest paid individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	7,011	7,902	7,307
Share-based payments	85	38	1
	<u>7,096</u>	<u>7,940</u>	<u>7,308</u>

Details of the remuneration of the five highest paid individuals of the Group during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1,000,001 to HKD1,500,000	3	2	2
HKD1,500,001 to HKD2,000,000	<u>2</u>	<u>3</u>	<u>3</u>
	<u>5</u>	<u>5</u>	<u>5</u>

10. FINANCE COSTS, NET

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finance income:			
Interest income from financial assets held for cash management purposes	<u>67,434</u>	<u>42,136</u>	<u>66,769</u>
Finance costs:			
Interest expenses on lease liabilities	(5,165)	(11,755)	(9,848)
Interest expenses on borrowings	(75,382)	(72,858)	(18,660)
Interest expenses on bonds and short-term commercial paper	(191,388)	(186,594)	(124,546)
Less: capitalized finance costs (i)	<u>78,824</u>	<u>129,362</u>	<u>73,561</u>
	<u>(193,111)</u>	<u>(141,845)</u>	<u>(79,493)</u>
Finance costs, net	<u>(125,677)</u>	<u>(99,709)</u>	<u>(12,724)</u>

- (i) During the years ended December 31, 2023, 2024 and 2025, borrowings were capitalized to expenditure on construction in progress and inventories at a weighted average rate of 2.86%, 2.95% and 2.30%, respectively.

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11. INCOME TAX EXPENSE

The income tax expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	517,102	923,509	1,149,999
Deferred income tax	9,568	26,986	41,857
	526,670	950,495	1,191,856

The Group is subject to income tax on an entity basis on profits arising in or derived from the different jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the “EIT Law”) of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, three subsidiaries of the Group qualified High and New Technology Enterprises (“HNTE”) and hence they are entitled to a preferential CIT rate of 15%.

(b) Hong Kong Profits Tax

Hong Kong profits tax is levied under a two-tiered progressive regime: profits derived from assessable income not exceeding HKD2 million are subject to a tax rate of 8.25%, while profits exceeding HKD2 million are subject to a tax rate of 16.5%. During the track record period, one subsidiary of the Company qualifies for the aforementioned two-tiered profits tax concession, while no Hong Kong profit tax was provided for the other Hong Kong subsidiaries as there was no estimated assessable profit.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries in Czech Republic, Germany, Rwanda, Kenya, Spain, BVI and Dubai are 19%, 15%, 30%, 30%, 25%, nil and nil, respectively.

(d) OECD Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

The Group is within the scope of global minimum tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation has been enacted, specifically the Czech Republic and Germany, effective since 1 January 2024, as well as Hong Kong, Dubai and Kenya, effective since 1 January, 2025. Based on the Group’s assessment, there is no material related current tax exposure in these jurisdictions for the years ended December 31, 2024 and 2025.

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- (e) The income tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before income tax	3,208,073	4,028,743	5,407,572
Calculated at the PRC taxation rate of the Company (25%)	802,019	1,007,186	1,351,893
Effect of different tax rates applicable to subsidiaries (i)	(4,425)	(4,616)	(79,138)
Adjustments in respect of current tax of previous periods	(21,857)	36,739	2,772
Non-deductible expenses for tax purposes	113	2,785	654
Utilization of previously unrecognized tax losses and temporary differences	(18,466)	(8,075)	(31,128)
Unused tax losses and temporary differences not recognized as deferred tax assets (ii)	47,039	32,938	7,210
Tax effect of non-taxable income	(277,753)	(116,462)	(60,407)
	526,670	950,495	1,191,856

- (i) Reconciling differences are attributable to variations between the statutory tax rates applicable to certain subsidiaries and the Company’s 25% rate.
- (ii) Deferred income tax assets relating to these unused tax losses are not recognized as the management considers it is uncertain to utilize these unrecognized tax credits prior to their expiry dates mainly because future performance of the related companies are uncertain.

12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Final cash dividends in respect of the previous year, declared and paid during the year	356,595	1,096,575	1,809,599

- (i) The final dividends of RMB0.65, RMB2.0 and RMB3.3 per 10 shares (tax inclusive) in respect of the years ended December 31, 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.

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13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to ordinary shareholders of the Company (RMB’000)	2,676,182	3,073,677	4,203,547
Less: Dividends payable to expected vested restricted shares (RMB’000)	(2,256)	(2,669)	—
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB’000)	2,673,926	3,071,008	4,203,547
Weighted average number of ordinary shares in issue (thousands)	5,458,275	5,468,550	5,481,871
Basic EPS (RMB per share)	0.49	0.56	0.77

(b) Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31,		
	2023	2024	2025
Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB’000)	2,676,182	3,073,677	4,203,547
Weighted average number of ordinary shares in issue (thousands)	5,458,275	5,468,550	5,481,871
Adjustments for potential shares arising from share schemes (thousands)	15,544	9,544	—
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	5,473,819	5,478,094	5,481,871
Diluted EPS (RMB per share)	0.49	0.56	0.77

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14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The amounts of investments in associates and joint ventures recognized in the Historical Financial Information are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Associates	5,535,664	5,463,895	5,589,372
Joint ventures (i)	1,487,116	1,483,222	847,401
	7,022,780	6,947,117	6,436,773

The movements of investments in associates and joint ventures during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	6,033,474	7,022,780	6,947,117
Additions and transfer	—	147,553	165,000
Disposals	—	—	(292)
Redemption of principal	(50,000)	(174,782)	(45,183)
Share of results of associates and joint ventures	1,035,858	159,710	199,606
Share of other comprehensive income	885	(11)	(222)
Share of other shareholders’ capital increase	2,563	—	28,158
Dividends	—	(208,381)	(857,384)
Currency translation differences	—	248	(27)
At the end of the year	7,022,780	6,947,117	6,436,773

- (i) In 2017, the Group’s wholly-owned subsidiary, Yiwu China Commodity City Financial Holdings (“Financial Holdings”), partnered with Shanghai Fuxing Industrial Group Co., Ltd. (“Shanghai Fuxing”) to establish Yiwu Commodity City Fuxing Investment Center (Limited Partnership) (the “Yiwu Commodity City Fuxing”). Financial Holdings holds a 49% interest with a contribution of RMB102.92 million and recognizes it as an investment in an associate due to its significant influence. The other limited partner is Shanghai Fuxing.

Separately, Financial Holdings invested RMB9.8 million for a 49% stake in Yiwu China Commodity City Investment Management Co., Ltd. (“Mall Management”), the general partner of Yiwu Commodity City Fuxing and its sub-funds. Both Yiwu Commodity City Fuxing and Mall Management are controlled by Shanghai Fuxing and accounted for as associates.

Yiwu Commodity City Fuxing invested in 12 sub-funds, including Yiwu Shangfu Chuangzhi Investment Center (Limited Partnership) (“Shangfu Fund”). Financial Holdings, as a limited partner of Shangfu Fund, fully contributed RMB617.51 million. The Group recognizes it as a financial asset at fair value through profit or loss. Shangfu Fund used RMB820.54 million to subscribe to newly increased registered capital of Hubei Asset Management Co., Ltd., holding a 22.667% equity interest.

In 2018, due to suspected criminal offenses committed by Shanghai Fuxing and its ultimate controller, Mr. Zhu Yidong, the 22.667% equity interest in Hubei Asset Management held by Shangfu Fund was frozen by the court, as the funding source included Shanghai Fuxing’s contributions. As of 2025, such assets remained frozen.

As at December 31, 2023, 2024 and 2025, the Company believes that its contributions to Yiwu Commodity City Fuxing and Shangfu Fund are unrelated to Shanghai Fuxing’s contributions. Moreover, the underlying asset, Hubei Asset Management Co., Ltd., is under normal operation with an NAV of RMB3,774,611,000 as at December 31, 2025, and therefore, no impairment is made for either investment. However, the Group did not perform any equity pick up since 2019. The related carrying amount as at December 31, 2023, 2024, and 2025 were RMB102,919,000. However, the equity investment in Mall Management has been fully impaired since 2018.

The associates and joint ventures of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

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Reconciliation of the carrying amount of the interests recognized in the historical financial information:

Associates	Zhejiang Chouzhou Financial Leasing Co., Ltd.			Yiwu Hongyi Equity Investment Fund Partnership Enterprise (Limited Partnership)			Yiwu China Commodity City Real Estate Development Co., Ltd.			Pujiang Green Valley Real Estate Co., Ltd.			Zhejiang Zhijie Yuangang International Supply Chain Technology Co., Ltd.		
	As at December 31,			As at December 31,			As at December 31,			As at December 31,			As at December 31,		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts of the Group's share of:	574,959	590,725	616,777	904,834	763,850	900,127	3,122,444	3,058,867	3,005,682	349,642	409,526	417,547	131,982	119,890	150,736
Proportion of equity interests(%)	26	26	26	50	50	50	49	49	49	49	49	49	27	27	23
Profit for the year	85,601	106,766	117,052	15,270	614	6,577	137,215	(68,540)	(131,900)	(28,304)	63,098	7,751	(13,581)	(12,667)	512
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	(11)	—
Total comprehensive income	85,601	106,766	117,052	15,270	614	6,577	137,215	(68,540)	(131,900)	(28,304)	63,098	7,751	(13,581)	(12,678)	512

The key financial information of the major associates is as follows:

	Zhejiang Chouzhou Financial Leasing Co., Ltd.			Yiwu Hongyi Equity Investment Fund Partnership Enterprise (Limited Partnership)			Yiwu China Commodity City Real Estate Development Co., Ltd.			Pujiang Green Valley Real Estate Co., Ltd.			Zhejiang Zhijie Yuangang International Supply Chain Technology Co., Ltd.		
	As at December 31,			As at December 31,			As at December 31,			As at December 31,			As at December 31,		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	20,192,248	21,150,749	20,814,464	1,863,027	1,528,343	1,706,514	20,929,308	23,790,131	21,589,681	1,342,144	998,228	950,435	607,584	653,881	903,331
Total liabilities	17,981,455	18,878,731	18,442,246	22,755	(120)	—	14,400,924	17,401,732	15,493,269	635,415	162,460	98,299	204,493	298,730	343,260
The Group's equity interest in net assets	574,806	590,725	616,777	919,584	763,850	852,760	3,120,672	3,057,249	3,004,036	346,297	409,526	417,547	108,834	95,891	130,080
Total revenue	714,059	753,748	806,445	—	—	—	2,923,515	724,104	4,286,216	28	541,143	72,447	558,545	1,487,505	2,269,419
Net profit	329,233	410,638	450,201	30,553	1,228	13,160	280,031	(139,878)	(269,184)	(57,764)	128,771	15,818	(50,301)	(46,914)	2,204
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	(39)	—
Total comprehensive income	329,233	410,638	450,201	30,553	1,228	13,160	280,031	(139,878)	(269,184)	(57,764)	128,771	15,818	(50,301)	(46,953)	2,204

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Joint ventures	Yiwu Business Travel Investment Development Co., Ltd.		Yiwu Guoshen Shangbo Real Estate Co., Ltd.	
	As at December 31,		As at December 31,	
	2023	2024	2023	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts of the Group's share of net asset:	435,930	478,903	495,087	230,224
Proportion of equity interests(%)	49	49	49	49
Profit for the year	38,485	42,501	45,111	59,651
Other comprehensive income	—	—	—	—
Total comprehensive income	38,485	42,501	45,111	59,651

The key financial information of the major joint ventures is as follows:

	Yiwu Business Travel Investment Development Co., Ltd.		Yiwu Guoshen Shangbo Real Estate Co., Ltd.		Yiwu Rongshang Real Estate Co., Ltd.		Yiwu Chuangcheng Real Estate Co., Ltd.	
	As at December 31,		As at December 31,		As at December 31,		As at December 31,	
	2023	2024	2023	2024	2023	2024	2023	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	1,316,777	1,360,729	1,330,258	2,372,111	133,982	133,980	—	—
Total liabilities	396,667	353,883	291,349	479,826	1	(22)	379,886	309,682
The Group's equity interest in net assets	450,854	493,354	509,066	927,220	65,651	65,650	—	—
Total revenue	246,714	260,065	264,982	11,261,503	—	—	—	—
Net profit	78,541	86,736	92,064	1,737,714	—	—	(3,182)	(7,354)
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	78,541	86,736	92,064	1,737,714	—	—	(3,182)	(7,354)

The Group has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method. The carrying amount and the Group's share of the results of individually immaterial associates and joint ventures are shown in aggregate as below, respectively:

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Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates and joint ventures	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates and joint ventures	575,769	643,042	620,593
Aggregate amounts of the Group’s share of:			
Profit for the year	(50,308)	13,203	94,852
Other comprehensive income	885	—	(222)
	<u>(49,423)</u>	<u>13,203</u>	<u>94,630</u>

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Associates	4,397,896	4,535,599	4,541,752
Joint ventures	1,480,018	1,476,040	835,716
	<u>5,877,914</u>	<u>6,011,639</u>	<u>5,377,468</u>

The movements of investments in associates and joint ventures during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	4,800,216	5,877,914	6,011,639
Additions and transfers	—	129,494	—
Redemption of principal	—	(5,000)	(3,956)
Dividends	—	(151,613)	(840,988)
Share of other shareholders’ capital increase	—	—	28,158
Share of results of associates and joint ventures	1,077,698	160,855	182,837
Share of other comprehensive income	—	(11)	(222)
At the end of the year	<u>5,877,914</u>	<u>6,011,639</u>	<u>5,377,468</u>

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Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates	5,877,914	6,011,639	5,377,468
Aggregate amounts of the Company’s share of:			
Profit for the year	1,077,698	160,855	182,837
Other comprehensive income	—	(11)	(222)
	<u>1,077,698</u>	<u>160,844</u>	<u>182,615</u>

15. FINANCIAL INSTRUMENTS MEASURED AT FVOCI AND FVPL

(a) Financial instruments at FVOCI

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current:			
Equity instruments at FVOCI (i)	<u>556,897</u>	<u>671,036</u>	<u>661,002</u>

(b) Financial instruments at FVPL

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current:			
Assets			
Other financial assets at FVPL:			
— Unlisted equity shares	199,087	239,850	231,372
— Private equity fund investments (ii)	<u>1,222,483</u>	<u>1,242,032</u>	<u>1,364,268</u>
	<u>1,421,570</u>	<u>1,481,882</u>	<u>1,595,640</u>
Current:			
Assets:			
Wealth management products (Note 26)	—	400,317	1,785,358
Other financial assets at FVPL:			
— Listed equity shares	<u>15,131</u>	<u>—</u>	<u>308,282</u>
	<u>15,131</u>	<u>400,317</u>	<u>2,093,640</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current:			
Other financial assets at FVPL:			
— Unlisted equity shares	116,027	136,259	135,521
— Private equity fund investments	5,563	5,665	90,550
	121,590	141,924	226,071
Current:			
Wealth management products (<i>Note 26</i>)	—	400,317	1,785,358

- (i) The above equity instruments were irrecoverably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.
- (ii) As disclosed in Note 14, private equity fund investments with carrying amounts of approximately RMB631,521,000, RMB660,196,000 and RMB664,361,000 as at December 31, 2023, 2024 and 2025, respectively, were frozen by court order.

16. SUBSIDIARIES

During the Track Record Period, the Company’s financial principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/paid-up capital	Equity interests held by the Company						Principal activities
			As at December 31,						
			2023		2024		2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
RMB'000									
Yiwu China Commodities City Big Data Co., Ltd. (“義烏中國小商品城大數據有限公司”)	PRC, limited liability company	100,000	100%	—	100%	—	100%	—	Operation of our digital trade service platform Chinagoods
Yiwu China Commodities City Financial Holding Co., Ltd. (“義烏中國小商品城金融控股有限公司”)	PRC, limited liability company	4,000,000	100%	—	100%	—	100%	—	Investment activities
Zhejiang Yiwu China Commodities City Import and Export Co., Ltd. (“浙江義烏中國小商品城進出口有限公司”)	PRC, limited liability company	100,000	100%	—	100%	—	100%	—	The import and export of goods

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The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

Name of subsidiary	Name of statutory auditors		
	2023	2024	2025
Yiwu China Commodities City Big Data Co., Ltd. (“義烏中國小商品城大數據有限公司”)(a)	Zhejiang Zhicheng Certified Public Accountants LLP	Zhejiang Zhicheng Certified Public Accountants LLP	—
Yiwu China Commodities City Financial Holding Co., Ltd. (“義烏中國小商品城金融控股有限公司”)(b)	Zhejiang Mingda Certified Public Accountants Co., Ltd.	—	—
Zhejiang Yiwu China Commodities City Import and Export Co., Ltd. (“浙江義烏中國小商品城進出口有限公司”)(c)	—	—	—

- (a) No audited financial statements were issued for the company for the years ended December 31, 2025 as it was undergoing an audit.
- (b) No audited financial statements were issued for the company for the years ended December 31, 2024 and 2025 as it was not required to issue audited financial statements under the statutory requirements of their places of incorporation.
- (c) No audited financial statements were issued for these companies for the years ended December 31, 2023, 2024 and 2025 as they were not required to issue audited financial statements under the statutory requirements of their places of incorporation.
- (d) The English names of the Chinese mainland companies are direct translation or transliteration of their Chinese registered names.
- (e) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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(f) Material non-controlling interests

As at December 31, 2023, 2024 and 2025, the total non-controlling interests were RMB15,544,000, RMB68,703,000 and RMB80,780,000, respectively, of which RMB60,894,000, RMB68,540,000 and RMB80,330,000 were attributable to Zhejiang Yiwugo E-commerce Co., Ltd. (浙江義烏購電子商務有限公司)(“Yiwugo”). The remaining balances attributable to Haicheng Yiwu China Commodities City Investment Development Co., Ltd. (“Haicheng Yiwu”) were negative RMB52,440,000 as at December 31, 2023, and nil for 2024 and 2025 following its disposal in 2024 (Note 44).

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information of which has non-controlling interests that are material to the Group.

	Yiwugo			Haicheng Yiwu		
	Year ended December 31,			Year ended December 31,		
	2023	2024	2025	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	64,101	64,905	69,524	51,630	N/A	N/A
Profit for the year	20,741	15,662	24,490	(100,452)	N/A	N/A
Total comprehensive income for the year	20,741	15,662	24,490	(100,452)	N/A	N/A
Net cash generated from operating activities	18,474	11,411	26,293	(39,390)	N/A	N/A
	Yiwugo			Haicheng Yiwu		
	As at December 31,			As at December 31,		
	2023	2024	2025	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Total non-current assets	56,532	2,541	50,771	832,108	N/A	N/A
Total current assets	122,242	164,413	145,346	1,090,406	N/A	N/A
Total assets	178,774	166,954	196,117	1,922,514	N/A	N/A
Total non-current liabilities	—	—	—	—	N/A	N/A
Total current liabilities	54,500	27,076	31,748	2,971,318	N/A	N/A
Total liabilities	54,500	27,076	31,748	2,971,318	N/A	N/A

The Company

Investments in subsidiaries

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments in subsidiaries	4,720,326	4,843,157	5,046,275

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17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	General equipment	Motor vehicles	Construction in progress	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023						
Cost	8,908,266	3,987,304	9,920	860,172	69,569	13,835,231
Accumulated depreciation and impairment	(4,180,664)	(3,200,000)	(7,491)	(4,635)	(59,109)	(7,451,899)
Carrying amounts	4,727,602	787,304	2,429	855,537	10,460	6,383,332
Year ended December 31 , 2023						
Opening carrying amounts	4,727,602	787,304	2,429	855,537	10,460	6,383,332
Additions	1,022	16,802	230	1,488,423	9,842	1,516,319
Adjustment for final settlement account	(5,222)	(8)	—	—	—	(5,230)
Disposals	(57,856)	(645)	—	—	—	(58,501)
Transfers from construction in progress	189,661	42,349	—	(246,193)	14,183	—
Depreciation charges	(373,108)	(80,400)	(759)	—	(13,330)	(467,597)
Closing carrying amounts	4,482,099	765,402	1,900	2,097,767	21,155	7,368,323
At December 31, 2023						
Cost	8,985,025	4,034,533	10,150	2,102,402	93,594	15,225,704
Accumulated depreciation and impairment	(4,502,926)	(3,269,131)	(8,250)	(4,635)	(72,439)	(7,857,381)
Carrying amounts	4,482,099	765,402	1,900	2,097,767	21,155	7,368,323

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	<u>Buildings</u>	<u>General equipment</u>	<u>Motor vehicles</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
At January 1, 2024						
Cost	8,985,025	4,034,533	10,150	2,102,402	93,594	15,225,704
Accumulated depreciation and impairment	(4,502,926)	(3,269,131)	(8,250)	(4,635)	(72,439)	(7,857,381)
Carrying amounts	<u>4,482,099</u>	<u>765,402</u>	<u>1,900</u>	<u>2,097,767</u>	<u>21,155</u>	<u>7,368,323</u>
Year ended December 31 , 2024						
Opening carrying amounts	4,482,099	765,402	1,900	2,097,767	21,155	7,368,323
Additions	1,203	37,569	805	1,043,956	171	1,083,704
Disposals	(5,040)	(430)	(11)	—	—	(5,481)
Transfers from construction in progress	1,429,996	180,073	—	(1,610,069)	—	—
Disposal of subsidiaries (Note 44)	(229,761)	(296,997)	(17)	(27,555)	—	(554,330)
Depreciation charges	(396,821)	(78,491)	(617)	—	(7,221)	(483,150)
Transfers from investment properties	5,592	—	—	—	—	5,592
Closing carrying amounts	<u>5,287,268</u>	<u>607,126</u>	<u>2,060</u>	<u>1,504,099</u>	<u>14,105</u>	<u>7,414,658</u>
At December 31, 2024						
Cost	9,243,104	3,903,543	10,483	1,504,099	93,765	14,754,994
Accumulated depreciation	(3,955,836)	(3,296,417)	(8,423)	—	(79,660)	(7,340,336)
Carrying amounts	<u>5,287,268</u>	<u>607,126</u>	<u>2,060</u>	<u>1,504,099</u>	<u>14,105</u>	<u>7,414,658</u>

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	Buildings	General equipment	Motor vehicles	Construction in progress	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2025						
Cost	9,243,104	3,903,543	10,483	1,504,099	93,765	14,754,994
Accumulated depreciation	(3,955,836)	(3,296,417)	(8,423)	—	(79,660)	(7,340,336)
Carrying amounts	5,287,268	607,126	2,060	1,504,099	14,105	7,414,658
Year ended December 31, 2025						
Opening carrying amounts	5,287,268	607,126	2,060	1,504,099	14,105	7,414,658
Additions	16,691	41,240	6,236	1,377,060	7,571	1,448,798
Disposals	—	(875)	—	—	—	(875)
Transfers from construction in progress	1,863,235	830,470	—	(2,693,705)	—	—
Depreciation charges	(428,798)	(124,045)	(635)	—	(1,971)	(555,449)
Closing carrying amounts	6,738,396	1,353,916	7,661	187,454	19,705	8,307,132
At December 31, 2025						
Cost	11,123,030	4,756,334	16,743	187,454	101,336	16,184,897
Accumulated depreciation	(4,384,634)	(3,402,418)	(9,082)	—	(81,631)	(7,877,765)
Carrying amounts	6,738,396	1,353,916	7,661	187,454	19,705	8,307,132

- (a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives follows:

Buildings	10–40 years
General equipment	5–10 years
Motor vehicles	6 years
Others	5 years

See Note 48 for the other accounting policies relevant to property, plant and equipment.

- (b) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of revenue	425,200	388,060	474,992
Selling and marketing expenses	365	721	—
General and administrative expenses	41,867	94,151	80,252
Research and development expenses	165	218	205
	467,597	483,150	555,449

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The Company

	Buildings	General equipment	Motor vehicles	Construction in progress	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023						
Cost	7,210,727	3,525,105	8,654	734,489	59,027	11,538,002
Accumulated depreciation	(3,273,190)	(3,075,859)	(6,905)	—	(49,038)	(6,404,992)
Carrying amounts	3,937,537	449,246	1,749	734,489	9,989	5,133,010
Year ended December 31, 2023						
Opening carrying amounts	3,937,537	449,246	1,749	734,489	9,989	5,133,010
Additions	—	13,524	—	1,485,823	9,812	1,509,159
Transfers from construction in progress	188,770	42,349	—	(245,302)	14,183	—
Adjustment for final settlement account	(5,207)	(8)	—	—	—	(5,215)
Transfers to investment properties	(37,428)	—	—	—	—	(37,428)
Disposals	(57,856)	(3,987)	(21)	—	—	(61,864)
Depreciation charges	(202,157)	(64,208)	(514)	—	(12,726)	(279,605)
Closing carrying amounts	3,823,659	436,916	1,214	1,975,010	21,258	6,258,057
At December 31, 2023						
Cost	7,344,446	3,559,231	8,135	1,975,010	83,022	12,969,844
Accumulated depreciation	(3,520,787)	(3,122,315)	(6,921)	—	(61,764)	(6,711,787)
Carrying amounts	3,823,659	436,916	1,214	1,975,010	21,258	6,258,057

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	Buildings	General equipment	Motor vehicles	Construction in progress	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2024						
Cost	7,344,446	3,559,231	8,135	1,975,010	83,022	12,969,844
Accumulated depreciation	(3,520,787)	(3,122,315)	(6,921)	—	(61,764)	(6,711,787)
Carrying amounts	3,823,659	436,916	1,214	1,975,010	21,258	6,258,057
Year ended December 31, 2024						
Opening carrying amounts	3,823,659	436,916	1,214	1,975,010	21,258	6,258,057
Additions	144,586	3,396	658	1,036,006	171	1,184,817
Transfers from investment properties	5,592	—	—	—	—	5,592
Transfers from construction in progress	1,329,838	180,073	—	(1,509,911)	—	—
Disposals	—	(218)	—	—	—	(218)
Depreciation charges	(353,275)	(59,511)	(450)	—	(6,979)	(420,215)
Closing carrying amounts	4,950,400	560,656	1,422	1,501,105	14,450	7,028,033
At December 31, 2024						
Cost	8,820,531	3,737,038	8,793	1,501,105	83,193	14,150,660
Accumulated depreciation	(3,870,131)	(3,176,382)	(7,371)	—	(68,743)	(7,122,627)
Carrying amounts	4,950,400	560,656	1,422	1,501,105	14,450	7,028,033

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	Buildings	General equipment	Motor vehicles	Construction in progress	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2025						
Cost	8,820,531	3,737,038	8,793	1,501,105	83,193	14,150,660
Accumulated depreciation	(3,870,131)	(3,176,382)	(7,371)	—	(68,743)	(7,122,627)
Carrying amounts	4,950,400	560,656	1,422	1,501,105	14,450	7,028,033
Year ended December 31, 2025						
Opening carrying amounts	4,950,400	560,656	1,422	1,501,105	14,450	7,028,033
Additions	1,401	19,813	6,071	1,290,656	1,473	1,319,414
Transfers from construction in progress	1,863,235	830,470	—	(2,693,705)	—	—
Disposals	—	(851)	—	—	—	(851)
Transfers from investment properties	23,836	—	—	—	—	23,836
Depreciation charges	(422,978)	(107,742)	(438)	—	(171)	(531,329)
Closing carrying amounts	6,415,894	1,302,346	7,055	98,056	15,752	7,839,103
At December 31, 2025						
Cost	10,709,003	4,567,313	14,863	98,056	84,666	15,473,901
Accumulated depreciation	(4,293,109)	(3,264,967)	(7,808)	—	(68,914)	(7,634,798)
Carrying amounts	6,415,894	1,302,346	7,055	98,056	15,752	7,839,103

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18. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Right-of-use assets			
Land use right	6,069,864	4,992,700	4,530,512
Lease hold land	108,669	102,352	96,302
Buildings	72,205	48,574	37,547
	6,250,738	5,143,626	4,664,361
Lease liabilities			
Current	23,637	21,432	24,513
Non-current	176,832	149,984	129,609
	200,469	171,416	154,122

The movements of right-of-use assets for the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	6,502,365	6,250,738	5,143,626
Additions	316	103,098	297,639
Disposal	(14,645)	(2,377)	(1,738)
Transfer from investment properties	—	—	242,817
Depreciation charge	(237,298)	(225,822)	(210,595)
Lease modification	—	(5,961)	—
Transfer to investment properties	—	(884,943)	—
Transfer to completed properties held for sale (i)	—	—	(813,278)
Disposal of subsidiaries (<i>Note 44</i>)	—	(95,056)	—
Foreign exchange differences	—	3,949	5,890
At the end of the year	6,250,738	5,143,626	4,664,361

- (i) In 2025, the intended use of the certain land was changed by management from own-use to sale. Consequently, the land was reclassified from right-of-use assets to inventories.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Right-of-use assets			
Land use right	5,600,394	4,662,730	4,088,169
Lease hold land	102,618	96,302	90,252
Buildings	420	180	—
	5,703,432	4,759,212	4,178,421
Lease liabilities			
Current	3,099	3,055	3,317
Non-current	107,858	104,996	101,463
	110,957	108,051	104,780

The movements of right-of-use assets for the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	5,975,799	5,703,432	4,759,212
Disposal	(14,646)	(748,325)	(639,950)
Transfer from investment property	—	—	242,817
Depreciation charge	(197,358)	(195,895)	(183,658)
Transfer to investment property	(60,363)	—	—
At the end of the year	5,703,432	4,759,212	4,178,421

- (b) The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025 were ranged from 2.78% to 7.48%, 2.78% to 7.48%, 2.81% to 7.48%, respectively.

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(c) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Depreciation charge of right-of-use assets:			
— Land use right	200,153	198,963	184,847
— Lease hold land	6,582	6,316	6,050
— Buildings	30,563	20,543	19,698
	237,298	225,822	210,595
	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest expense (including in finance costs)	5,165	11,755	9,849
Expense relating to short-term and low value leases not included in lease liabilities	23,151	24,388	19,430

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB61,220,000, RMB65,918,000 and RMB53,106,000, respectively.

The Group leases properties, offices and land-use-right as lessee. Lease contracts for properties and offices are typically made for fixed periods from 3 to 10 years. Lease contracts for land-use rights are made for 20–50 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 48 for the other accounting policies relevant to lease.

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19. INTANGIBLE ASSETS

The Group

	Software	Goodwill	Capitalized development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023				
Cost	194,975	284,916	4,661	484,552
Accumulated amortization	(17,788)	—	—	(17,788)
Carrying amounts	177,187	284,916	4,661	466,764
Year ended December 31, 2023				
Opening carrying amounts	177,187	284,916	4,661	466,764
Additions	17,917	—	26,909	44,826
Transfer	12,922	—	(12,922)	—
Disposals	(61)	—	—	(61)
Disposal of subsidiaries	(9,849)	—	—	(9,849)
Amortization charges	(29,595)	—	—	(29,595)
Closing carrying amounts	168,521	284,916	18,648	472,085
At December 31, 2023				
Cost	213,193	284,916	18,648	516,757
Accumulated amortization	(44,672)	—	—	(44,672)
Carrying amounts	168,521	284,916	18,648	472,085
	Software	Goodwill	Capitalized development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024				
Cost	213,193	284,916	18,648	516,757
Accumulated amortization	(44,672)	—	—	(44,672)
Carrying amounts	168,521	284,916	18,648	472,085
Year ended December 31, 2024				
Opening carrying amounts	168,521	284,916	18,648	472,085
Additions	5,944	—	28,968	34,912
Transfer	40,107	—	(40,107)	—
Disposals	—	—	—	—
Disposal of subsidiaries (<i>Note 44</i>)	(19)	—	—	(19)
Amortization charges	(25,972)	—	—	(25,972)
Closing carrying amounts	188,581	284,916	7,509	481,006
At December 31, 2024				
Cost	259,164	284,916	7,509	551,589
Accumulated amortization	(70,583)	—	—	(70,583)
Carrying amounts	188,581	284,916	7,509	481,006

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	Software	Goodwill	Capitalized development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025				
Cost	259,164	284,916	7,509	551,589
Accumulated amortization	(70,583)	—	—	(70,583)
Carrying amounts	188,581	284,916	7,509	481,006
Year ended December 31, 2025				
Opening carrying amounts	188,581	284,916	7,509	481,006
Additions	1,372	—	26,900	28,272
Transfer	29,616	—	(29,616)	—
Amortization charges	(27,114)	—	—	(27,114)
Closing carrying amounts	192,455	284,916	4,793	482,164
At December 31, 2025				
Cost	290,152	284,916	4,793	579,861
Accumulated amortization	(97,697)	—	—	(97,697)
Carrying amounts	192,455	284,916	4,793	482,164

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The Company

	Software
	RMB’000
At January 1, 2023	
Cost	9,135
Accumulated amortization	<u>(2,620)</u>
Carrying amounts	<u>6,515</u>
Year ended December 31, 2023	
Opening carrying amounts	6,515
Additions	4,655
Disposals	—
Amortization charges	<u>(1,027)</u>
Closing carrying amounts	<u>10,143</u>
At December 31, 2023	
Cost	13,790
Accumulated amortization	<u>(3,647)</u>
Carrying amounts	<u>10,143</u>
	Software
	RMB’000
At January 1, 2024	
Cost	13,790
Accumulated amortization	<u>(3,647)</u>
Carrying amounts	<u>10,143</u>
Year ended December 31, 2024	
Opening carrying amounts	10,143
Additions	109
Amortization charges	<u>(1,293)</u>
Closing carrying amounts	<u>8,959</u>
At December 31, 2024	
Cost	13,899
Accumulated amortization	<u>(4,940)</u>
Carrying amounts	<u>8,959</u>

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	Software RMB’000
At January 1, 2025	
Cost	13,899
Accumulated amortization	(4,940)
Carrying amounts	8,959
Year ended December 31, 2025	
Opening carrying amounts	8,959
Additions	60
Disposals	—
Amortization charges	(1,292)
Closing carrying amounts	7,727
At December 31, 2025	
Cost	13,959
Accumulated amortization	(6,232)
Carrying amounts	7,727

- (a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
General and administrative expenses	29,595	25,972	27,114

(b) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amounts of goodwill allocated to the cash generating units or group of cash generating units (“CGU” or “CGUs”) are as follows:

	Opening RMB’000	Addition RMB’000	Impairment RMB’000	Closing RMB’000
Year ended December 31, 2023				
Zhejiang Xunchi	284,916	—	—	284,916
Year ended December 31, 2024				
Zhejiang Xunchi	284,916	—	—	284,916
Year ended December 31, 2025				
Zhejiang Xunchi	284,916	—	—	284,916

- (i) The goodwill is generated from business combination of Zhejiang Xunchi Digital Technology Co., Ltd. (“Zhejiang Xunchi”) on August 3, 2022. Management regards Zhejiang Xunchi as a separate CGU and reviews the business performance and performs impairment assessment on the goodwill on the individual CGU basis.

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The following table sets out the key assumptions for these CGUs that have goodwill allocated to them:

	Year ended December 31,		
	2023	2024	2025
Revenue annual growth rates	3.60%–29.98%	0.18%–8.13%	(20.38)%–6.25%
Operating profit margin	13.91%–36.96%	35.35%–42.06%	35.45%–51.64%
Perpetual annual growth rates	0.00%	0.00%	0.00%
Pre-tax discount rates	14.41%	15.01%	14.62%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management’s expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to estimate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

(c) **Impact of possible changes in key assumptions**

The recoverable amount based on the value-in-use or FVLCD calculation for the CGU are as follow:

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Zhejiang Xunchi	377,000	363,000	355,000

The amounts by which each unit’s recoverable amount exceeds its carrying amount (“headroom”) are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Zhejiang Xunchi	20,116	17,016	21,840

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Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, operating profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the headroom of the CGUs would be as follows:

For Zhejiang Xunchi CGU

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Average revenue annual growth rate decreased by 0.3%	8,180	4,892	9,459
Operating profit margin decreased by 0.5%	14,382	11,742	16,391
Pre-tax discount rate increased by 0.5%	6,707	4,926	9,807

Based on the results of impairment test as at December 31, 2023, 2024 and 2025, the recoverable amount of the CGU is significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

The following table sets out the reasonably possible change in key parameters which would cause the carrying amount of the CGU to exceed its recoverable amount:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Average revenue annual growth rate	(0.52%)	(0.43%)	(0.54%)
Operating profit margin	(1.84%)	(1.6%)	(2.04%)
Pre-tax discount rate	0.78%	0.72%	0.94%

(d) Amortization Methods and Periods

(i) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	2–10 years
Data assets	10 years

(e) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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20. INVESTMENT PROPERTIES

The Group

	Completed investment properties RMB'000	Land use right RMB'000	Properties under construction RMB'000	Total RMB'000
At January 1, 2023				
Cost	3,066,727	441,780	2,004,528	5,513,035
Accumulated depreciation	(564,165)	(92,698)	—	(656,863)
Carrying amounts	2,502,562	349,082	2,004,528	4,856,172
Year ended December 31, 2023				
Opening carrying amounts	2,502,562	349,082	2,004,528	4,856,172
Additions	—	—	1,299,879	1,299,879
Transfers from construction in progress	1,446,215	—	(1,446,215)	—
Depreciation charges	(142,217)	(11,432)	—	(153,649)
Closing carrying amounts	3,806,560	337,650	1,858,192	6,002,402
At December 31, 2023				
Cost	4,512,942	441,780	1,858,192	6,812,914
Accumulated depreciation	(706,382)	(104,130)	—	(810,512)
Carrying amounts	3,806,560	337,650	1,858,192	6,002,402
At January 1, 2024				
Cost	4,512,942	441,780	1,858,192	6,812,914
Accumulated depreciation	(706,382)	(104,130)	—	(810,512)
Carrying amounts	3,806,560	337,650	1,858,192	6,002,402
Year ended December 31, 2024				
Opening carrying amounts	3,806,560	337,650	1,858,192	6,002,402
Additions	62,627	19,035	296,784	378,446
Transfers from construction in progress	1,358,412	—	(1,358,412)	—
Transfers from lease	—	884,943	—	884,943
Disposals	(153,279)	—	—	(153,279)
Transfers to property, plant and equipment	(5,592)	—	—	(5,592)
Currency translation differences	2,681	—	—	2,681
Depreciation charges	(181,500)	(16,304)	—	(197,804)
Closing carrying amounts	4,889,909	1,225,324	796,564	6,911,797
At December 31, 2024				
Cost	5,754,393	1,425,746	796,564	7,976,703
Accumulated depreciation	(864,484)	(200,422)	—	(1,064,906)
Carrying amounts	4,889,909	1,225,324	796,564	6,911,797
At January 1, 2025				
Cost	5,754,393	1,425,746	796,564	7,976,703
Accumulated depreciation	(864,484)	(200,422)	—	(1,064,906)
Carrying amounts	4,889,909	1,225,324	796,564	6,911,797

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	Completed investment properties RMB’000	Land use right RMB’000	Properties under construction RMB’000	Total RMB’000
Year ended December 31, 2025				
Opening carrying amounts	4,889,909	1,225,324	796,564	6,911,797
Additions	178,049	—	394,262	572,311
Transfers from construction in progress	958,557	232,269	(1,190,826)	—
Disposals	(563,876)	(94,288)	—	(658,164)
Transfers to lease	—	(242,817)	—	(242,817)
Currency translation differences	4,534	2,687	—	7,221
Depreciation charges	(210,204)	(24,336)	—	(234,540)
Closing carrying amounts	5,256,969	1,098,839	—	6,355,808
At December 31, 2025				
Cost	6,305,725	1,316,318	—	7,622,043
Accumulated depreciation	(1,048,756)	(217,479)	—	(1,266,235)
Carrying amounts	5,256,969	1,098,839	—	6,355,808
The Company				
	Completed investment properties RMB’000	Land use right RMB’000	Properties under construction RMB’000	Total RMB’000
At January 1, 2023				
Cost	3,078,137	260,041	1,584,505	4,922,683
Accumulated depreciation	(473,938)	(61,233)	—	(535,171)
Carrying amounts	2,604,199	198,808	1,584,505	4,387,512
Year ended December 31, 2023				
Opening carrying amounts	2,604,199	198,808	1,584,505	4,387,512
Additions	—	—	345,233	345,233
Transfers from lease	60,363	—	—	60,363
Transfers from property, plant and equipment	37,428	—	—	37,428
Transfers from construction in progress	1,349,166	—	(1,349,166)	—
Depreciation charges	(127,300)	(6,854)	—	(134,154)
Closing carrying amounts	3,923,856	191,954	580,572	4,696,382
At December 31, 2023				
Cost	4,525,094	260,041	580,572	5,365,707
Accumulated depreciation	(601,238)	(68,087)	—	(669,325)
Carrying amounts	3,923,856	191,954	580,572	4,696,382
At January 1, 2024				
Cost	4,525,094	260,041	580,572	5,365,707
Accumulated depreciation	(601,238)	(68,087)	—	(669,325)
Carrying amounts	3,923,856	191,954	580,572	4,696,382

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	Completed investment properties RMB’000	Land use right RMB’000	Properties under construction RMB’000	Total RMB’000
Year ended December 31, 2024				
Opening carrying amounts	3,923,856	191,954	580,572	4,696,382
Additions	2,681	—	17,720	20,401
Transfers from lease	—	752,071	—	752,071
Transfers from construction in progress	598,292	—	(598,292)	—
Disposals	(153,279)	—	—	(153,279)
Transfers to property, plant and equipment	(5,592)	—	—	(5,592)
Depreciation charges	(158,667)	(11,270)	—	(169,937)
Closing carrying amounts	4,207,291	932,755	—	5,140,046
At December 31, 2024				
Cost	4,943,798	1,012,112	—	5,955,910
Accumulated depreciation	(736,507)	(79,357)	—	(815,864)
Carrying amounts	4,207,291	932,755	—	5,140,046
At January 1, 2025				
Cost	4,943,798	1,012,112	—	5,955,910
Accumulated depreciation	(736,507)	(79,357)	—	(815,864)
Carrying amounts	4,207,291	932,755	—	5,140,046
Year ended December 31, 2025				
Opening carrying amounts	4,207,291	932,755	—	5,140,046
Additions	330,287	61,399	—	391,686
Disposals	(142,999)	—	—	(142,999)
Transfers from property, plant and equipment	(23,836)	—	—	(23,836)
Transfers to lease	—	(242,817)	—	(242,817)
Depreciation charges	(163,806)	(16,620)	—	(180,426)
Closing carrying amounts	4,206,937	734,717	—	4,941,654
At December 31, 2025				
Cost	5,081,263	830,694	—	5,911,957
Accumulated depreciation	(874,326)	(95,977)	—	(970,303)
Carrying amounts	4,206,937	734,717	—	4,941,654

(a) Depreciation of the Group’s investment properties has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of revenue	153,649	197,804	234,540

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(b) Amounts Recognized in Profit or Loss for Investment Properties

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Rental income from operating leases	424,050	657,710	626,587
Direct operating expenses from property that generated rental income	153,649	197,804	234,540

The investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	10 to 40 years
Land use right	40 to 50 years

(c) The Group’s investment properties consist of buildings and land use rights in Chinese mainland and Spain. The investment properties are leased under operating leases.

Fair values of the investment properties as at December 31, 2023, 2024 and 2025 are RMB8,488,253,000, RMB9,654,662,000 and RMB8,261,782,000 respectively, which are determined by valuations conducted by a qualified independent valuer. The fair value was determined mainly based on Income Capitalisation Method or Market Comparison Method, which the directors of the Group are of the view that it is the best estimate of the fair value of these investment properties is their current use.

See Note 48 for the other accounting policies relevant to investment properties.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets measured at fair value:			
Equity instruments at FVOCI (Note 15)	556,897	671,036	661,002
Equity instruments at FVPL (Note 15)	15,131	—	308,282
Other financial assets at FVPL (Note 15)	1,421,570	1,481,882	1,595,640
Wealth management products (Note 15)	—	400,317	1,785,358
	1,993,598	2,553,235	4,350,282
Financial assets measured at amortized cost:			
Trade and notes receivables (Note 24)	592,858	497,320	437,843
Entrusted loans (Note 22)	48,073	—	48,073
Restricted cash and term deposits (Note 30)	12,556	10,823	2,847,946
Cash and cash equivalents (Note 30)	2,910,179	5,528,369	4,284,850
Other receivables (Note 25)	394,859	410,860	453,490
	3,958,525	6,447,372	8,072,202

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	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial liabilities measured at amortized cost:			
Trade payables (<i>Note 32</i>)	1,390,255	1,469,718	1,995,927
Accruals and other payables (excluding non-financial liabilities) (<i>Note 33</i>)	2,227,615	2,090,716	1,974,373
Lease liabilities (<i>Note 18</i>)	200,469	171,416	154,122
Borrowings (<i>Note 31</i>)	9,162,164	7,470,452	3,351,744
	12,980,503	11,202,302	7,476,166

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets measured at fair value			
Equity instruments at FVOCI (<i>Note 15</i>)	556,897	671,036	661,002
Other financial assets at FVPL (<i>Note 15</i>)	121,590	141,924	226,071
Wealth management products (<i>Note 15</i>)	—	400,317	1,785,358
	678,487	1,213,277	2,672,431

Financial assets measured at amortized cost:			
Trade and notes receivables (<i>Note 24</i>)	33,941	6,235	7,114
Restricted cash (<i>Note 30</i>)	7,220	4,410	2,579,829
Cash and cash equivalents (<i>Note 30</i>)	2,258,309	4,990,599	3,737,266
Other receivables (<i>Note 25</i>)	3,811,083	2,047,886	2,613,188
	6,110,553	7,049,130	8,937,397

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade payables (<i>Note 32</i>)	990,281	1,075,128	1,752,807
Accruals and other payables (excluding non-financial liabilities) (<i>Note 33</i>)	2,176,385	3,203,157	2,881,181
Lease liabilities (<i>Note 18</i>)	110,957	108,051	104,780
Borrowings (<i>Note 31</i>)	8,795,190	7,287,665	3,302,750
	12,072,813	11,674,001	8,041,518

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22. ENTRUSTED LOANS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Entrusted loans to non-controlling interest (i)	<u>48,073</u>	<u>—</u>	<u>48,073</u>

The following table sets out our entrusted loans by type of security as at the dates indicated:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Secured loans	48,000	—	48,000
Accrued interest	<u>73</u>	<u>—</u>	<u>73</u>
	<u>48,073</u>	<u>—</u>	<u>48,073</u>

- (i) Approved by the 5th Meeting of the 9th Board of Directors of the Group held on December 15, 2022, Yiwugou an indirectly controlled subsidiary of the Group, provided an entrusted loan of RMB48,000,000 to Yixia Chengdu International Trade City Co., Ltd., a minority shareholder of Yiwugou, through the Yiwu Branch of the Agricultural Bank of China in the form of monetary funds. The loan term is 2 years, with an annual interest rate of 5.5%.

Approved by the 25th Meeting of the 9th Board of Directors of the Group held on January 7, 2025, Yiwugou, an indirectly controlled subsidiary of the Group, provided an entrusted loan of RMB48,000,000 to Yixia Chengdu International Trade City Co., Ltd., a minority shareholder of Yiwugou, through the Yiwu Branch of the Agricultural Bank of China in the form of monetary funds. The loan term runs from the date of actual disbursement of the loan to December 25, 2026, with an annual interest rate of 5.5%.

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23. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Gross deferred tax assets	141,485	129,547	129,560
Offsetting against deferred tax liabilities	(26,128)	(67,427)	(63,875)
Net deferred tax assets	115,357	62,120	65,685
Gross deferred tax liabilities	110,173	135,894	193,117
Offsetting against deferred tax assets	(26,128)	(67,427)	(63,875)
Net deferred tax liabilities	84,045	68,467	129,242

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Accrued expenses and other payables	Lease liability	Government grants related to assets	Fair value adjustments	Share-based payment expenses	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023	75,252	31,954	19,970	45,188	—	8,378	180,742
(Charged)/credited to profit or loss (Note 11)	(30,547)	(941)	—	(1,508)	—	7,345	(25,651)
Charged to other comprehensive income	—	—	—	(13,606)	—	—	(13,606)
At December 31, 2023	44,705	31,013	19,970	30,074	—	15,723	141,485
At January 1, 2024	44,705	31,013	19,970	30,074	—	15,723	141,485
(Charged)/credited to profit or loss (Note 11)	(13,088)	(3,825)	(2,052)	542	—	(11,377)	(29,800)
Directly to equity	—	—	—	—	17,862	—	17,862
At December 31, 2024	31,617	27,188	17,918	30,616	17,862	4,346	129,547
At January 1, 2025	31,617	27,188	17,918	30,616	17,862	4,346	129,547
Credited/(charged) to profit or loss (Note 11)	18,720	(993)	(666)	639	—	175	17,875
Directly to equity	—	—	—	—	(17,862)	—	(17,862)
At December 31, 2025	50,337	26,195	17,252	31,255	—	4,521	129,560

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(b) Deferred Tax Liabilities

	Valuation increase resulting from business combinations	Fair value adjustments	Right-of-use assets	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023	6,893	88,149	30,394	125,436
Credited to profit or loss (<i>Note 11</i>)	(1,263)	(10,554)	(4,266)	(16,083)
Charged to other comprehensive income	—	820	—	820
At December 31, 2023	5,630	78,415	26,128	110,173
At January 1, 2024	5,630	78,415	26,128	110,173
(Credited)/charged to profit or loss (<i>Note 11</i>)	(2,438)	4,305	(4,681)	(2,814)
Charged to other comprehensive income	—	28,535	—	28,535
At December 31, 2024	3,192	111,255	21,447	135,894
At January 1, 2025	3,192	111,255	21,447	135,894
(Credited)/charged to profit or loss (<i>Note 11</i>)	(1,092)	62,558	(1,734)	59,732
Credited to other comprehensive income	—	(2,509)	—	(2,509)
At December 31, 2025	2,100	171,304	19,713	193,117

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Temporary differences	462,361	27,051	40,317
Tax losses	933,593	221,927	170,407
	1,395,954	248,978	210,724

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The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
2024	160,811	—	—
2025	205,662	28,895	—
2026	227,475	63,639	28,983
2027	165,826	47,289	41,724
2028	173,819	4,185	4,185
2029	—	77,919	69,410
2030	—	—	26,105
	933,593	221,927	170,407

- (i) As disclosed in Note 44, the Group’s strategic divestment of its stake in Yiwu Xingchen Enterprise Management Co., Ltd. (together with its subsidiary, Haicheng Yiwu China Commodities City Investment and Development Co., Ltd.) in 2024 triggered a loss of control, leading to its reclassification as related parties. Consequently, this resulted in a decrease in the amount of the tax losses not recognized deferred tax assets.

24. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables (i)	599,304	506,233	468,614
Notes receivables	—	11,170	—
Less: credit loss allowance	(6,446)	(20,083)	(30,771)
	592,858	497,320	437,843

- (i) As at December 31, 2023, 2024 and 2025, trade receivables included receivables from factoring amounting to RMB30,298,000, RMB128,572,000 and RMB207,444,000.
- (a) As at January 1, 2023, the gross carrying amounts of trade and notes receivables from contracts with customers are amounting to RMB210,751,000 (net of expected credit loss amounting to RMB8,498,000).

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- (b) The Group grants credit terms to some customers ranging from 30 to 365 days from the date of billing or delivery of goods. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	587,700	410,915	424,032
1 to 2 years	10,408	85,737	16,754
2 to 3 years	1,196	8,465	20,087
Over 3 years	—	1,116	7,741
	599,304	506,233	468,614

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	34,040	7,385	8,669
Less: credit loss allowance	(99)	(1,150)	(1,555)
	33,941	6,235	7,114

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	32,222	5,603	7,139
1 to 2 years	622	64	—
2 to 3 years	1,196	602	56
Over 3 years	—	1,116	1,474
	34,040	7,385	8,669

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25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Other receivables:			
Deposits	7,271	7,368	8,554
Due from joint ventures	270,756	285,840	255,266
	278,027	293,208	263,820
Current			
Prepayments:			
Prepayments for commodities in inventory	975,767	1,015,669	1,537,011
Prepayments for properties under development	—	66,634	—
Prepayments for operating expenses	10,295	15,792	—
	986,062	1,098,095	1,537,011
Other receivables:			
Withheld and paid expenses and deposits	107,985	106,113	160,805
Export tax refund	9,508	12,325	30,243
Others	3,581	2,674	2,104
	121,074	121,112	193,152
Less: provision for impairment	(4,242)	(3,460)	(3,482)
	116,832	117,652	189,670
	1,102,894	1,215,747	1,726,681

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Other receivables:			
Deposits	—	14	4
Due from joint ventures	31,864	17,150	—
	31,864	17,164	4
Current			
Prepayments:			
Prepayments for commodities in inventory	7,500	2,936	7,709
Prepayments for properties under development	—	66,634	—
Prepayments for operating expenses	5,122	12,593	—
	12,622	82,163	7,709
Other receivables:			
Withheld and paid expenses and deposits	13,444	32,731	66,481
Due from subsidiaries	3,764,776	1,996,213	2,544,828
Others	1,940	2,012	2,104
	3,780,160	2,030,956	2,613,413
Less: provision for impairment	(941)	(234)	(229)
	3,779,219	2,030,722	2,613,184
	3,791,841	2,112,885	2,620,893

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26. WEALTH MANAGEMENT PRODUCTS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products (i)	—	400,317	1,283,122
Structured deposits	—	—	502,236
	—	400,317	1,785,358

(i) Wealth management products are mainly comprised of monetary fund products.

27. OTHER CURRENT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Deductible input VAT	326,796	190,908	236,033
Customer reserves (i)	313,869	377,165	928,685
Prepaid corporate income tax	17,253	23,940	12,239
Input VAT to be verified	5,663	108,403	71,496
Other prepaid tax	—	23,198	103,065
	663,581	723,614	1,351,518

(i) Customer Reserves refer to funds received by the Group from customers for the purpose of executing entrusted payment transactions, pending final settlement or transfer. In accordance with the “Regulations on the Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》)” and the “Measures for the Administration of Customer Reserves of Non-bank Payment Institutions (《非銀行支付機構客戶備付金存管辦法》)”, the Group is required to deposit all such funds in a centralized customer reserve account.

Upon receipt of Customer Reserves, the Group records a debit entry to “Other Current Assets — Customer Reserves” and a credit entry to “Other Payables — Customer Reserves.” After deducting accrued service fees, the Group settles the remaining balance with customers in accordance with the agreed terms.

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Deductible input VAT	200,346	72,403	44,830
Input VAT to be verified	3,673	49,219	58,203
Other prepaid tax	—	11,241	60,532
	204,019	132,863	163,565

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28. OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Prepayment for purchase of non-current assets	138,252	28,034	397,170

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Prepayment for purchase of non-current assets	—	25,926	397,170

29. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Commodities in inventory	162,423	542,330	1,060,565
Properties under development	67,478	814,545	803,960
Completed properties held for sale (i)	1,041,444	—	520,741
Others	4,202	912	64
	1,275,547	1,357,787	2,385,330
Less: provision for impairment	(28,303)	—	—
	1,247,244	1,357,787	2,385,330

- (i) As at December 31, 2023, the completed properties held for sale predominantly consisted of the commercial streets of Haicheng Yiwu, which were subsequently transferred in 2024 upon the disposal of that subsidiary. As at December 31, 2025, the completed properties held for sale were those of the Global Digital Trade Center, mainly including its commercial streets and office building.
- (ii) As at December 31, 2023, inventories with a carrying amount of approximately RMB8,926,000 were subject to a court-ordered freeze, and were subsequently transferred out in 2024 following the disposal of a subsidiary.
- (iii) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. The analysis of the amount of inventories recognized as cost of sales and included in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount of commodities in inventory sold	6,757,562	9,189,222	9,912,299
Carrying amount of completed properties held for sale sold	36,704	3,692	1,746,194
	6,794,266	9,192,914	11,658,493

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The movements in properties under development are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	67,908	67,478	814,545
Additions	—	814,545	1,771,109
Transfer to completed properties held for sale	(90)	—	(1,781,694)
Disposal	(340)	—	—
Disposal of subsidiaries (<i>Note 44</i>)	—	(67,478)	—
At the end of the year	67,478	814,545	803,960

The movements in completed properties held for sale are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	1,075,275	1,041,444	—
Transferred from properties under development	90	—	1,781,694
Transfer to cost of sales	(33,921)	(3,587)	(1,260,953)
Disposal of subsidiaries (<i>Note 44</i>)	—	(1,037,857)	—
At the end of the year	1,041,444	—	520,741

- (iv) The Group recognized capitalized borrowing costs on inventories in the amounts of approximately nil, RMB19,263,000, and RMB59,268,000 for the years ended December 31, 2023, 2024 and 2025, respectively, based on the applicable borrowing rates and the point at which the capitalization criteria were met.

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Commodities in inventory	1,441	3,803	4,543
Properties under development	—	814,545	509,442
Completed properties held for sale	—	—	520,741
Others	3,790	850	46
	5,231	819,198	1,034,772

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30. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances	2,922,735	5,539,192	7,132,796
Less: restricted cash	(12,556)	(10,823)	(25,578)
Less: current term deposits	—	—	(2,505,561)
Less: non-current term deposits	—	—	(316,807)
	<u>2,910,179</u>	<u>5,528,369</u>	<u>4,284,850</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances	2,265,529	4,995,009	6,317,095
Less: restricted cash	(7,220)	(4,410)	(13)
Less: current term deposits	—	—	(2,374,872)
Less: non-current term deposits	—	—	(204,944)
	<u>2,258,309</u>	<u>4,990,599</u>	<u>3,737,266</u>

(b) Restricted Cash

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Frozen cash	—	4,410	13
Deposit for payment services	3,889	6,413	11,223
Deposit for foreign exchange services	—	—	2,363
Restricted cash on platform	—	—	11,979
Guarantee for projects	7,220	—	—
Earmarked funds for construction projects	1,447	—	—
	<u>12,556</u>	<u>10,823</u>	<u>25,578</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Frozen cash	—	4,410	13
Guarantee for projects	7,220	—	—
	7,220	4,410	13

(c) **Cash and Bank Balances are Denominated in:**

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
RMB	2,822,760	5,445,056	7,039,459
USD	98,661	84,568	84,468
EUR	393	9,162	8,519
Others	921	406	350
	2,922,735	5,539,192	7,132,796

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
RMB	2,265,529	4,995,009	6,317,095

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31. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Bank borrowings			
— Unsecured	862,799	657,589	456,224
Bonds	3,498,452	—	2,799,045
	4,361,251	657,589	3,255,269
Current			
Bank borrowings			
— Unsecured	1,713,800	242,073	67,669
Bonds	61,508	3,561,298	28,806
Short-term commercial paper	3,025,605	3,009,492	—
	4,800,913	6,812,863	96,475

- (a) As at December 31, 2023, 2024 and 2025, the annual interest rates of short-term bank borrowings were ranged from 2.68% to 3.75%, 1.80% to 2.98%, 1.89% to 2.65%, respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rates of long-term bank borrowings were ranged from 2.70% to 3.10%, 2.45% to 2.75%, 1.89% to 2.65%, respectively.

- (b) As at December 31, 2023, 2024 and 2025, the Group’s bank borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	1,713,800	242,073	67,669
Between 1 and 2 years	43,260	67,620	67,620
Between 2 and 5 years	137,390	139,380	100,020
Over 5 years	682,149	450,589	288,584
	2,576,599	899,662	523,893

As at December 31, 2023, 2024 and 2025, the Group’s bonds and short-term commercial paper were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	3,087,113	6,570,790	28,806
Between 1 and 2 years	3,498,452	—	—
Between 2 and 5 years	—	—	2,799,045
	6,585,565	6,570,790	2,827,851

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(c) Bonds and short-term commercial paper

As at December 31, 2023, the details of the Group’s bonds are as follows:

Name	Par value	Interest rate	Issue date	Term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortization	Redemption and interest paid	Within one year	After one year	Carrying amount
	RMB’000				RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
22 Zhejiang Yiwu CCC MTN001	1,000,000	3.29%	2022/02/24	3years	1,000,000	999,178	—	27,942	365	—	27,942	999,543	1,027,485
22 Zhejiang Yiwu CCC MTN002	500,000	3.57%	2022/03/29	3years	500,000	499,572	—	13,546	182	—	13,546	499,754	513,300
22 Zhejiang Yiwu CCC MTN003	500,000	3.00%	2022/07/20	3years	500,000	499,516	—	6,740	183	—	6,740	499,699	506,439
22 YIWU CCC 01	800,000	2.88%	2022/09/01	3years	800,000	799,551	—	7,701	163	—	7,701	799,714	807,415
22 YIWU CCC 02	700,000	2.88%	2022/09/22	3years	700,000	699,599	—	5,579	143	—	5,579	699,742	705,321
22 Zhejiang Yiwu CCC SCP005	1,000,000	2.09%	2022/09/21	240days	1,000,000	1,005,457	—	7,902	383	1,013,742	—	—	—
22 Zhejiang Yiwu CCC SCP006	1,000,000	2.09%	2022/09/21	240days	1,000,000	1,003,734	—	10,901	481	1,015,116	—	—	—
22 Zhejiang Yiwu CCC SCP007	1,000,000	2.30%	2022/10/26	240days	1,000,000	1,003,065	—	6,575	223	1,009,863	—	—	—
23 Zhejiang Yiwu CCC SCP001	1,000,000	3.00%	2022/11/22	120days	1,000,000	1,003,065	—	6,575	223	1,009,863	—	—	—
23 Zhejiang Yiwu CCC SCP002	1,000,000	2.85%	2023/3/20	179days	1,000,000	—	999,503	13,977	497	1,013,977	—	—	—
23 Zhejiang Yiwu CCC SCP003	1,000,000	2.57%	2023/5/17	77days	1,000,000	—	999,515	12,463	485	1,012,463	—	—	—
23 Zhejiang Yiwu CCC SCP004	1,000,000	2.68%	2023/6/20	269days	1,000,000	—	999,253	14,318	539	—	1,014,110	—	1,014,110
23 Zhejiang Yiwu CCC SCP004	1,000,000	2.72%	2023/9/13	210days	1,000,000	—	999,425	8,197	217	—	1,007,839	—	1,007,839
23 Zhejiang Yiwu CCC SCP005	1,000,000	2.78%	2023/11/8	68days	1,000,000	—	999,268	4,113	275	—	1,003,656	—	1,003,656
Total					11,500,000	6,509,672	4,996,964	139,954	4,136	5,065,161	3,087,113	3,498,452	6,585,565

The effective rate of bonds and short-term commercial paper were ranged from 2.90% to 3.61%, 2.09% to 3.00%, respectively.

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As at December 31, 2024, the details of the Group’s bonds are as follows:

Name	Par value RMB'000	Interest rate	Issue date	Term	Issuance amount RMB'000	Balance at the beginning RMB'000	Issuance during the year RMB'000	Accrued interest RMB'000	Premium discount amortization RMB'000	Redemption and interest paid RMB'000	Within one year RMB'000	After one year RMB'000	Carrying amount RMB'000
22 Zhejiang Yiwu CCC MTN001	1,000,000	3.29%	2022/2/24	3years	1,000,000	1,027,485	—	28,033	366	27,942	1,027,942	—	1,027,942
22 Zhejiang Yiwu CCC MTN002	500,000	3.57%	2022/3/29	3years	500,000	513,300	—	13,595	183	13,546	513,532	—	513,532
22 Zhejiang Yiwu CCC MTN003	500,000	3.00%	2022/7/20	3years	500,000	506,439	—	6,781	184	6,740	506,664	—	506,664
22 YIWU CCC 01	800,000	2.88%	2022/9/1	3years	800,000	807,415	—	7,764	163	7,701	807,641	—	807,641
22 YIWU CCC 02	700,000	2.88%	2022/9/22	3years	700,000	705,321	—	5,634	143	5,579	705,519	—	705,519
23 Zhejiang Yiwu CCC SCP003	1,000,000	2.68%	2023/6/20	269days	1,000,000	1,014,110	—	5,379	208	1,019,697	—	—	—
23 Zhejiang Yiwu CCC SCP004	1,000,000	2.72%	2023/9/13	210days	1,000,000	1,007,839	—	7,409	359	1,015,607	—	—	—
23 Zhejiang Yiwu CCC SCP005	1,000,000	2.78%	2023/11/8	268days	1,000,000	1,003,656	—	16,243	457	1,020,356	—	—	—
24 Zhejiang Yiwu CCC SCP001	1,000,000	2.40%	2024/3/13	268days	1,000,000	—	999,256	17,622	744	1,017,622	—	—	—
24 Zhejiang Yiwu CCC SCP002	1,000,000	2.33%	2024/4/9	261days	1,000,000	—	999,285	16,661	715	1,016,661	—	—	—
24 Zhejiang Yiwu CCC SCP003	1,000,000	2.00%	2024/7/31	268days	1,000,000	—	999,413	8,415	337	—	1,008,165	—	1,008,165
24 Zhejiang Yiwu CCC SCP004	1,000,000	1.90%	2024/12/4	268days	1,000,000	—	999,413	1,458	61	—	1,000,932	—	1,000,932
24 Zhejiang Yiwu CCC SCP005	1,000,000	1.80%	2024/12/24	268days	1,000,000	—	1,000,000	395	—	—	1,000,395	—	1,000,395
Total					11,500,000	6,585,565	4,997,367	135,389	3,920	5,151,451	6,570,790	—	6,570,790

The effective rate of bonds and short-term commercial paper were ranged from 2.90% to 3.61%, 1.80% to 2.78%, respectively.

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As at December 31, 2025, the details of the Group’s bonds are as follows:

Name	Par value	Interest rate	Issue date	Term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortization	Redemption and interest paid	Within one year	After one year	Carrying amount
	RMB'000				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
22 Zhejiang Yiwu CCC MTN001	1,000,000	3.29%	2022/02/24	3years	1,000,000	1,027,942	—	4,867	91	1,032,900	—	—	—
22 Zhejiang Yiwu CCC MTN002	500,000	3.57%	2022/03/29	3years	500,000	513,532	—	4,255	63	517,850	—	—	—
22 Zhejiang Yiwu CCC MTN003	500,000	3.00%	2022/07/20	3years	500,000	506,664	—	8,219	117	515,000	—	—	—
22 YIWU CCC 01	800,000	2.88%	2022/09/01	3years	800,000	807,641	—	15,276	123	823,040	—	—	—
22 YIWU CCC 02	700,000	2.88%	2022/09/22	3years	700,000	705,519	—	14,526	115	720,160	—	—	—
25 Zhejiang Yiwu CCC MTN001	500,000	2.10%	2025/03/27	3years	500,000	—	499,854	8,026	36	—	8,026	499,890	507,916
25 Zhejiang Yiwu CCC MTN002	1,000,000	2.09%	2025/04/24	3years	1,000,000	—	999,710	14,372	65	—	14,372	999,775	1,014,147
25 Zhejiang Yiwu CCC MTN003	500,000	1.89%	2025/07/17	3years	500,000	—	499,855	4,324	22	—	4,324	499,877	504,201
25 YIWU CCC 01	800,000	1.94%	2025/11/13	3years	800,000	—	799,479	2,084	24	—	2,084	799,503	801,587
24 Zhejiang Yiwu CCC SCP003	1,000,000	2.00%	2024/07/31	268days	1,000,000	1,008,165	—	6,270	250	1,014,685	—	—	—
24 Zhejiang Yiwu CCC SCP004	1,000,000	1.90%	2024/12/04	268days	1,000,000	1,000,932	—	12,493	525	1,013,950	—	—	—
24 Zhejiang Yiwu CCC SCP005	1,000,000	1.80%	2024/12/24	268days	1,000,000	1,000,395	—	12,822	—	1,013,217	—	—	—
25 Zhejiang Yiwu CCC SCP001	1,000,000	2.05%	2025/02/20	267days	1,000,000	—	999,415	14,996	585	1,014,996	—	—	—
Total					10,300,000	6,570,790	3,798,313	122,530	2,016	7,665,798	28,806	2,799,045	2,827,851

The effective rate of bonds and short-term commercial paper were ranged from 1.90% to 3.61%, 1.80% to 2.05%, respectively.

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Bank borrowings			
— Unsecured	510,290	474,950	407,230
Bonds	3,498,452	—	2,799,045
	4,008,742	474,950	3,206,275
Current			
Bank borrowings			
— Unsecured	1,699,335	241,925	67,669
Bonds	61,508	3,561,298	28,806
Short-term commercial paper	3,025,605	3,009,492	—
	4,786,448	6,812,715	96,475

32. TRADE PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Payables for construction and equipment	1,338,245	1,325,633	1,765,594
Payables for hospitality services	29,601	22,985	40,193
Payables for commodity	12,023	107,378	75,247
Others	10,386	13,722	114,893
	1,390,255	1,469,718	1,995,927

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	1,214,401	1,062,606	1,585,548
1 to 2 years	63,310	313,146	124,981
2 to 3 years	84,745	13,978	193,017
Over 3 years	27,799	79,988	92,381
	1,390,255	1,469,718	1,995,927

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Payables for construction and equipment	962,557	1,052,051	1,667,072
Payables for hospitality services	27,716	18,587	36,104
Others	8	4,490	49,631
	990,281	1,075,128	1,752,807

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	861,567	696,464	1,351,291
1 to 2 years	23,249	287,013	119,481
2 to 3 years	82,881	13,975	191,093
Over 3 years	22,584	77,676	90,942
	990,281	1,075,128	1,752,807

33. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Salaries, wages and benefits	148,473	177,498	305,568
Accruals and others	355,567	259,059	290,509
Repurchase obligation of share incentive	74,367	33,828	—
Deposits payables	490,913	483,643	543,736
Amount due to equity investment at FVPL, associates and joint ventures (Note 42(b))	977,173	924,273	182,827
Other tax payables	169,134	196,478	378,879
Customer reserves (Note 27)	324,726	377,046	928,101
Dividends	4,737	4,737	5,767
Others	132	8,130	23,433
	2,545,222	2,464,692	2,658,820

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The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Salaries, wages and benefits	105,072	126,420	253,064
Accruals and others	207,018	182,043	195,290
Repurchase obligation of share incentive	74,367	33,828	—
Deposits payables	405,774	396,664	461,802
Amount due to equity investment at FVPL, associates and joint ventures	814,004	822,226	73,966
Other tax payables	158,849	172,584	356,362
Dividends	4,737	4,737	5,767
Due to subsidiaries	670,485	1,762,033	2,144,243
Others	—	1,626	113
	2,440,306	3,502,161	3,490,607

34. RECEIVED IN ADVANCE

The Group	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Rental advances	224,791	203,178	229,642
Others	4,266	8,830	5,846
	229,057	212,008	235,488
The Company			
Rental advances	176,469	173,367	208,250
Others	961	437	736
	177,430	173,804	208,986

35. OTHER CURRENT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax to be recognized	124,426	225,379	184,267

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax to be recognized	62,678	136,621	35,179

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36. DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants	<u>160,433</u>	<u>150,801</u>	<u>116,223</u>

The movements of deferred income during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of the year	103,582	160,433	150,801
Additions	58,272	—	—
Recognised in profit or loss	<u>(1,421)</u>	<u>(9,632)</u>	<u>(34,578)</u>
At the end of the year	<u>160,433</u>	<u>150,801</u>	<u>116,223</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants	<u>102,161</u>	<u>92,529</u>	<u>88,445</u>

The movements of deferred income for the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of the year	103,582	102,161	92,529
Recognised in profit or loss	<u>(1,421)</u>	<u>(9,632)</u>	<u>(4,084)</u>
At the end of the year	<u>102,161</u>	<u>92,529</u>	<u>88,445</u>

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37. SHARE CAPITAL

The Group and The Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	'000	RMB'000	'000	RMB'000	'000
At the beginning of the year	5,486,074	5,486,074	5,484,334	5,484,334	5,483,646	5,483,646
Cancellation of shares under share schemes	(1,740)	(1,740)	(688)	(688)	(87)	(87)
At the end of the year	<u>5,484,334</u>	<u>5,484,334</u>	<u>5,483,646</u>	<u>5,483,646</u>	<u>5,483,559</u>	<u>5,483,559</u>

- (i) Pursuant to the 12th meeting of the ninth Board of Directors on August 17, 2023, the Company repurchased 1,740,000 restricted shares and subsequently canceled them.

Pursuant to the 20th meeting of the ninth Board of Directors on August 14, 2024, the Company repurchased 688,250 restricted shares and subsequently canceled them.

Pursuant to the 33th meeting of the ninth Board of Directors on August 14, 2025, the Company repurchased 86,700 restricted shares and subsequently canceled them.

38. TREASURY SHARES

The Group and the Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	119,484	74,367	33,828
Exercise of restricted shares	(40,043)	(38,543)	(33,619)
Cancellation of shares under share schemes(i)	(5,074)	(1,996)	(209)
At the end of the year	<u>74,367</u>	<u>33,828</u>	<u>—</u>

- (i) In 2023, the Group repurchased and canceled certain restricted shares. This repurchase resulted in a reduction of the corresponding treasury shares by RMB5,074,000, the Group declared a cash dividend of RMB0.065 per share. The distribution of this cash dividend led to a reduction in treasury shares of RMB2,256,000.

In 2024, in accordance with the Restricted Stock Incentive Plan, the Company is required to repurchase shares that fail to meet vesting conditions. The Company repurchased 688,250 restricted ordinary shares for a total consideration of RMB1,996,000 and subsequently cancelled them.

In 2025, in accordance with the Restricted Stock Incentive Plan, the Company is required to repurchase shares that fail to meet vesting conditions. The Company repurchased 86,700 restricted ordinary shares for a total consideration of RMB209,000 and subsequently cancelled them.

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39. SHARE INCENTIVE SCHEME

a Equity-Settled shared-based payment arrangement of the Company

(i) *Restricted Share Incentive Schemes*

Pursuant to the restricted share unit incentive scheme approved at the 5th extraordinary shareholders’ meeting on December 10, 2020, and the 26th meeting of the eighth session of the Board of the Company on December 11, 2020 (the “2020 Restricted Share Incentive Scheme”), the Company granted 50,480,000 restricted shares to 405 incentive participants which in initial grant portion and 2,560,000 restricted shares which in reserved grant portion. The grant date was December 11, 2020, and the granted price was RMB2.94 per share. On January 15, 2021, the Company completed the registration of the initial grant of restricted shares, with a final total of 395 incentive participants actually paying and subscribing for 46,700,000 shares, as 10 incentive participants were no longer eligible for the incentive scheme.

Pursuant to the 35th meeting of the eighth session of the Board of the Company on August 9, 2021, the Company granted 2,550,000 restricted shares to 34 incentive participants which in reserved grant portion under the 2020 Restricted Share Incentive Scheme. The grant date was August 9, 2021, and the granted price was RMB2.39 per share. On November 4, 2021, the Company completed the registration of the initial grant of restricted shares, with a final total of 31 incentive participants actually paying and subscribing for 2,340,000 shares, as 3 incentive participants were no longer eligible for the incentive scheme.

Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal as follow:

<u>Vesting service periods from the vesting commencement date</u>	<u>Percentage of granted shares are vested</u>	<u>Performance appraisal</u>
24 to 36 months	33%	Compare to 2019, the 2021 performance targets are as follows: - Operating revenue growth $\geq$ 75%; - EPS $\geq$ RMB0.20 (both metrics $\geq$ 75th percentile of peers or industry average); - Main business revenue/total revenue $\geq$ 90%; - Gross Merchandise Volume (“GMV”) of <i>Chinagoods</i> $\geq$ RMB13 billion.
36 to 48 months	33%	Compare to 2019, the 2022 performance targets are as follows: - Operating revenue growth $\geq$ 120%; - EPS $\geq$ RMB0.22 (both metrics $\geq$ 75th percentile of peers or industry average); - Main business revenue/total revenue $\geq$ 90%; - GMV of <i>Chinagoods</i> $\geq$ RMB24 billion
48 to 60 months	34%	Compare to 2019, the 2023 performance targets are as follows: - Operating revenue growth $\geq$ 180%; - EPS $\geq$ RMB0.25 (both metrics $\geq$ 75th percentile of peers or industry average); - Main business revenue/total revenue $\geq$ 90%; - GMV of <i>Chinagoods</i> $\geq$ RMB50 billion

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The number of restricted shares granted to the Group’s incentive participants is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	(‘000)	(‘000)	(‘000)
At the beginning of the year	42,860	27,219	13,413
Exercised	(13,901)	(13,118)	(13,326)
Lapsed	(1,740)	(688)	(87)
At the end of the year	27,219	13,413	—

The fair value of 2020 Restricted Share Incentive Scheme was determined on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

40. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	6,651,441	8,703,605	10,400,490
Net profit during the year	2,676,182	3,073,677	4,203,547
Appropriation to statutory reserve	(263,568)	(282,151)	(307,838)
(Appropriation to)/reversal of general risk reserves	(3,855)	1,934	81
Declaration of dividends	(356,595)	(1,096,575)	(1,809,599)
At the end of the year	8,703,605	10,400,490	12,486,681

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	6,946,985	8,962,505	10,405,287
Net profit during the year	2,635,683	2,821,508	3,078,381
Appropriation to statutory reserve	(263,568)	(282,151)	(307,838)
Declaration of dividends	(356,595)	(1,096,575)	(1,809,599)
At the end of the year	8,962,505	10,405,287	11,366,231

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41. OTHER RESERVES

The Group

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	1,549,909	(24,008)	1,616,083	102,276	3,244,260
Currency translation differences	—	3,246	—	—	3,246
Changes in fair value of equity instruments at FVOCI, net of tax	—	43,272	—	—	43,272
Share of other changes in net assets of associates and joint ventures	—	—	—	2,563	2,563
Other comprehensive income that will be reclassified into the profit or loss under equity method	—	885	—	—	885
Appropriation to general risk reserves	—	—	—	3,855	3,855
Share-based payment:					
Share-based compensation expenses	—	—	—	16,507	16,507
Exercise of restricted shares	30,340	—	—	(30,340)	—
Cancellation of shares under share schemes	(3,334)	—	—	—	(3,334)
Appropriation to statutory reserve	—	—	263,568	—	263,568
Balance at December 31, 2023	1,576,915	23,395	1,879,651	94,861	3,574,822

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	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	1,576,915	23,395	1,879,651	94,861	3,574,822
Currency translation differences	—	2,074	—	—	2,074
Changes in fair value of equity instruments at FVOCI, net of tax	—	85,604	—	—	85,604
Other comprehensive income that will be reclassified into the profit or loss under equity method	—	(11)	—	—	(11)
Reversal of general risk reserves	—	—	—	(1,934)	(1,934)
Share-based payment : Share-based compensation expenses	—	—	—	26,270	26,270
Exercise of restricted shares	28,634	—	—	(23,838)	4,796
Cancellation of shares under share schemes	(1,308)	—	—	—	(1,308)
Disposal of subsidiaries (Note 44)	—	—	—	680,985	680,985
Appropriation to statutory reserve	—	—	282,151	—	282,151
Balance at December 31, 2024	<u>1,604,241</u>	<u>111,062</u>	<u>2,161,802</u>	<u>776,344</u>	<u>4,653,449</u>

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	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2025	1,604,241	111,062	2,161,802	776,344	4,653,449
Currency translation differences	—	(5,702)	—	—	(5,702)
Changes in fair value of equity instruments at FVOCI, net of tax	—	(7,526)	—	—	(7,526)
Other comprehensive income that will be reclassified into the profit or loss under equity method	—	(222)	—	—	(222)
Share of other changes in net assets of associates and joint ventures	—	—	—	28,158	28,158
Share-based payment : Share-based compensation expenses	—	—	—	18,472	18,472
Exercise of restricted shares	53,583	—	—	(70,176)	(16,593)
Cancellation of shares under share schemes	(122)	—	—	—	(122)
Reversal of general risk reserves	—	—	—	(81)	(81)
Appropriation to statutory reserve	—	—	307,838	—	307,838
Balance at December 31, 2025	<u>1,657,702</u>	<u>97,612</u>	<u>2,469,640</u>	<u>752,717</u>	<u>4,977,671</u>

The ending balances of other comprehensive income for the years ended December 31, 2023, 2024 and 2025 are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Changes in fair value of investments in equity instruments, net of tax	2,454	88,058	80,532
Other comprehensive income that will be reclassified into the profit or loss under equity method	4,946	4,935	4,713
Exchange differences on translation of foreign operations	15,995	18,069	12,367
	<u>23,395</u>	<u>111,062</u>	<u>97,612</u>

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The Company

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2023	1,569,438	(40,818)	1,616,030	316,340	3,460,990
Changes in fair value of equity instruments at FVOCI, net of tax	—	43,272	—	—	43,272
Share-based payment :					
Share-based compensation expenses	—	—	—	16,507	16,507
Exercise of restricted shares	30,340	—	—	(30,340)	—
Cancellation of shares under share schemes	(3,334)	—	—	—	(3,334)
Appropriation to statutory reserve	—	—	263,568	—	263,568
Balance at December 31, 2023	1,596,444	2,454	1,879,598	302,507	3,781,003
	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2024	1,596,444	2,454	1,879,598	302,507	3,781,003
Changes in fair value of equity instruments at FVOCI, net of tax	—	85,604	—	—	85,604
Other comprehensive income that will be reclassified into the profit or loss under equity method	—	(11)	—	—	(11)
Share-based payment :					
Share-based compensation expenses	—	—	—	23,399	23,399
Exercise of restricted shares	28,634	—	—	(23,838)	4,796
Cancellation of shares under share schemes	(1,308)	—	—	—	(1,308)
Appropriation to statutory reserve	—	—	282,151	—	282,151
Balance at December 31, 2024	1,623,770	88,047	2,161,749	302,068	4,175,634

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	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2025	1,623,770	88,047	2,161,749	302,068	4,175,634
Changes in fair value of equity instruments at FVOCI, net of tax	—	(7,526)	—	—	(7,526)
Other comprehensive income that will be reclassified into the profit or loss under equity method	—	(222)	—	—	(222)
Share of other changes in net assets of associates and joint ventures	—	—	—	28,158	28,158
Share-based payment:					
Share-based compensation expenses				14,800	14,800
Exercise of restricted shares	49,277	—	—	(63,635)	(14,358)
Cancellation of shares under share schemes	(122)	—	—	—	(122)
Appropriation to statutory reserve	—	—	307,838	—	307,838
Balance at December 31, 2025	1,672,925	80,299	2,469,587	281,391	4,504,202

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42. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before income tax for the year	3,208,073	4,028,743	5,407,572
Adjustments for:			
Interest income	(67,434)	(42,136)	(93,268)
Finance costs	193,111	141,845	79,493
Depreciation and amortization of non-current assets	888,139	890,339	1,002,037
Net (gains)/losses on disposal of property, plant and equipment and other non-current assets	(139,114)	87	(2,199)
Net impairment (reversals)/losses on financial assets	(2,138)	12,891	10,710
Net gains on disposal of investment properties	—	(83,290)	(76,815)
Share of profit of associates and joint ventures, net	(1,035,858)	(159,710)	(199,606)
Net gains on disposal of financial instruments	(2,525)	(3,671)	(5,837)
Net foreign exchange (gains)/losses	(4,963)	(701)	85
Share-based compensation expenses	16,507	8,408	610
Gains from disposal of subsidiary	(9,663)	—	—
Gains from disposal of associates	—	—	(84)
Interest from entrusted loan and joint ventures	(21,434)	(28,362)	(27,859)
Dividends income	(17,871)	(97,163)	(5,811)
Fair value changes in financial instruments	52,431	(12,871)	(247,657)
Others	—	22,657	(2,400)
Change in working capital:			
(Increase)/decrease in receivables	(767,914)	(654,367)	229,871
(Decrease)/increase in payables	(408,027)	2,303,010	5,922,332
Decrease/(increase) in inventories	83,107	(1,142,653)	(357,188)
Cash generated from operations	1,964,427	5,183,056	11,633,986

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Dividend offset against other payables	4,915	56,988	720,588
Principal repayment (associates/FVPL) offset by other payables	—	23,333	6,549
Additions of right-of-use assets by way of leasing liabilities (Note 18)	316	5,250	4,519
	5,231	85,571	731,656

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(c) Net Debt Reconciliation

	Bank borrowings	Bonds	Short-term commercial paper	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023	1,464,133	3,558,925	3,012,256	231,622	8,266,936
Financing cash flows	1,098,402	—	—	(32,904)	1,065,498
Interest paid	(61,318)	(108,806)	(68,198)	(5,165)	(243,487)
Interest accrued	75,382	109,841	81,547	5,165	271,935
Other non-cash movements — impact of exchange rate fluctuations	—	—	—	1,435	1,435
Other non-cash movements- additions	—	—	—	316	316
At December 31, 2023	2,576,599	3,559,960	3,025,605	200,469	9,362,633
At January 1, 2024	2,576,599	3,559,960	3,025,605	200,469	9,362,633
Financing cash flows	(1,645,514)	—	—	(29,775)	(1,675,289)
Interest paid	(104,281)	(108,950)	(92,419)	(11,755)	(317,405)
Interest accrued	72,858	110,288	76,306	11,755	271,207
Other non-cash movements — impact of exchange rate fluctuations	—	—	—	1,693	1,693
Other non-cash movements — additions	—	—	—	5,250	5,250
Other non-cash movements — early termination of lease	—	—	—	(6,221)	(6,221)
At December 31, 2024	899,662	3,561,298	3,009,492	171,416	7,641,868
At January 1, 2025	899,662	3,561,298	3,009,492	171,416	7,641,868
Financing cash flows	(375,964)	(701,038)	(3,000,095)	(23,827)	(4,100,924)
Interest paid	(18,465)	(108,950)	(57,402)	(9,848)	(194,665)
Interest accrued	18,660	76,541	48,005	9,848	153,054
Other non-cash movements — impact of exchange rate fluctuations	—	—	—	5,900	5,900
Other non-cash movements- additions	—	—	—	4,519	4,519
Other non-cash movements — early termination of lease	—	—	—	(3,886)	(3,886)
At December 31, 2025	523,893	2,827,851	—	154,122	3,505,866

43. BUSINESS COMBINATION

During the Track Record Period, there were no material business combinations undertaken by the Company.

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44. DISPOSAL OF SUBSIDIARIES

(a) Summary of disposals

In June 2024, pursuant to the resolutions of the 18th meeting of the Ninth Board of Directors and the 2023 Annual General Meeting of Shareholders, the Group disposed of its entire 100% equity interest in Yiwu Xingchen Enterprise Management Co., Ltd. (together with its subsidiary, Haicheng Yiwu China Commodities City Investment and Development Co., Ltd.) to the controlling shareholder of the Company, Yiwu China Commodity City Holdings Co., Ltd., at nil consideration. The disposal was based on the valuation report issued by an independent qualified valuer.

In accordance with IAS 1 and IFRS 10, transactions with shareholders in their capacity as shareholders are accounted for as equity transactions. Accordingly, as the disposal was made to the controlling shareholder of the Company, the difference between the consideration received nil and the carrying amount of the net assets disposed of (negative RMB 680,985,000) was recognised directly in other reserves within equity, rather than in profit or loss.

During the year ended December 31,2024, the major disposal of subsidiaries is summarized as follows:

	<u>Yiwu Xingchen</u> RMB’000
<u>Fair value of identifiable net assets</u>	
Non-current assets	
Property, plant and equipment	554,330
Intangible assets	19
Lease	95,056
Deferred tax assets	138,253
Current assets	
Inventory	1,078,471
Trade receivables	1,030
Cash and cash equivalents	214
Other receivables	2,801
Other current assets	19,512
Current liabilities	
Contract liabilities	10,030
Trade payables	35,976
Accrual and other payables	2,522
Other current liabilities	2,577,528
Less: Non-controlling interests	<u>(55,385)</u>
Fair value of the net assets/(liabilities) lost	<u>(680,985)</u>
	<u>Yiwu Xingchen</u> RMB’000
<u>Cash impact</u>	
Cash received	—
Less: Net assets disposed of	<u>(680,985)</u>
Gain on disposal	<u>680,985</u>

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45. CONTINGENCIES AND COMMITMENTS

45.1 Contingencies

The Group provides guarantees to banks in connection with mortgage loans obtained by certain property purchasers, ensuring that the purchasers fulfill their repayment obligations. As at December 31, 2023, 2024, and 2025, the amounts of such guarantees were approximately RMB50,384,000, RMB4,412,000, and RMB4,195,000, respectively.

These guarantees will terminate upon the earlier of: (i) the transfer of the real estate ownership certificate to the purchaser; or (ii) the full repayment of the mortgage loans by the purchaser. The guarantee period commences on the date the mortgage is granted.

Given that the transfer of real estate ownership certificates generally occurs shortly after the property delivery date, the Group expects no material credit risk arising from these guarantees.

45.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Property, plant and equipment commitments:			
— Contracted, but not provided for	4,549,081	3,533,111	4,735,546
Equity investment commitments:			
— Contracted, but not provided for	117,680	326,767	336,767
— Authorized, but not contracted	—	300,000	—
	4,666,761	4,159,878	5,072,313

46. RELATED PARTY TRANSACTIONS

(a) Parent Entities

Name	Place of incorporation	Ownership interest		
		As at December 31,		
		2023	2024	2025
Yiwu China Commodity City Holdings Co., Ltd.	Yiwu City, Zhejiang Province	55.40%	55.40%	55.40%

The ultimate controlling party is State-owned Assets Supervision and Administration Office of Yiwu Municipal People’s Government (“義烏市人民政府國有資產監督管理委員會”).

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(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder’s families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Yiwu Market Development Group Co., Ltd. (“義烏市市場發展集團有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Market Development Service Center Co., Ltd. (“義烏市市場開發服務中心有限責任公司”)	An entity controlled by the ultimate controlling entity
Yiwu Market Development Group Co., Ltd. Xingfuhu International Conference Central Branch (“義烏市市場發展集團有限公司幸福湖國際會議中心分公司”)	An entity controlled by the ultimate controlling entity
Zhejiang Xingfu Lake Sports Development Co., Ltd. (“浙江幸福湖體育發展有限責任公司”)	An entity controlled by the ultimate controlling entity
Yiwu Agriculture Development Co., Ltd. (“義烏市農業開發有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Security Service Co., Ltd. (“義烏市保安服務有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu China Commodity City Property Development Co., Ltd. (“義烏中國小商品城房地產開發有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Shangbo Cloud Valley Enterprise Management Co., Ltd. (“義烏商博雲穀企業管理有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu China Commodity City Property Service Co., Ltd. (“義烏市中國小商品城物業服務有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Jinlong Shangbo Property Co., Ltd. (“義烏錦隆商博置業有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Jinhong Shangbo Enterprise Management Co., Ltd. (“義烏錦鴻商博企業管理有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu Gongchen Shangbo Property Co., Ltd. (“義烏拱辰商博置業有限公司”)	A joint venture of the Company
Yiwu Chengzhen Property Co., Ltd. (“義烏城臻置業有限公司”)	A joint venture of the Company
Yisha Chengdu International Trade City Co., Ltd. (“伊廈成都國際商貿城股份有限公司”)	A minority shareholder of the subsidiary
Zhejiang Yiwu Baixian Wanpin Agricultural Aid Supply Chain Co., Ltd. (“浙江義烏百縣萬品助農供應鏈有限公司”)	An entity controlled by the ultimate controlling entity
Yiwu State-owned Capital Operation Co., Ltd. (“義烏市國有資本運營有限公司”)	An entity controlled by the ultimate controlling person
Yiwu Handing Shangbo Real Estate Co., Ltd. (“義烏瀚鼎商博置業有限公司”)	An entity controlled by the ultimate controlling person
Yiwu Jinhua Shangbo Real Estate Co., Ltd. (“義烏錦華商博置業有限公司”)	An entity controlled by the ultimate controlling person
Yiwu Comprehensive Bonded Zone Enterprise Management Co., Ltd. (“義烏綜合保稅區企業管理有限公司”)	An entity controlled by the ultimate controlling person
Zhejiang Yiwu Rural Economic Development Co., Ltd. (“浙江義烏農村經濟發展有限公司”)	An entity controlled by the ultimate controlling person
Yiwu Huangyuan Shangbo Real Estate Co., Ltd. (“義烏篁園商博置業有限公司”)	A joint venture of the Company
Yiwu Tonghui Shangbo Real Estate Co., Ltd. (“義烏通惠商博置業有限公司”)	A joint venture of the Company

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The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) **Material Transactions with Related Parties**

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Purchase of goods and services:			
Entities controlled by the ultimate controlling entity	209,785	240,624	310,248
Associates and joint ventures	9,171	15,261	8,322
	<u>218,956</u>	<u>255,885</u>	<u>318,570</u>

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of goods and rendering of services:			
Entities controlled by the ultimate controlling entity	6,780	4,537	3,119
Associates and joint ventures	2,147	13,704	22,558
	<u>8,927</u>	<u>18,241</u>	<u>25,677</u>

Related-party lease

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
The Group as the lessor:			
Entities controlled by the ultimate controlling entity	1,746	1,975	2,606
Associates and joint ventures	893	1,339	1,136
	<u>2,639</u>	<u>3,314</u>	<u>3,742</u>

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
The Group as the lessee:			
Entities controlled by the ultimate controlling entity	<u>15,026</u>	<u>15,026</u>	<u>10,017</u>

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Guarantee provided by the Company			
A joint venture	<u>45,755</u>	<u>—</u>	<u>—</u>

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The Company provided a guarantee for a bank loan extended to Yiwu Shanglv Investment Development Co., Ltd. (“Yiwu Shanglv”), a joint venture of the Company. The guarantee period was from 1 July 2015 to 15 December 2026. As Yiwu Shanglv has fully repaid the bank loan in 2024, the Company’s guarantee liability has been consequently discharged.

		Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Investment repayments				
Associates and joint ventures		597,238	150,000	—
		Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Investment return				
Associates and joint ventures		34,806	—	27,738
(d) Balance with Related Parties				
		As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Trade and notes receivables				
Entities controlled by the ultimate controlling entity		1,546	25	190
Associates and joint ventures		8	—	4,935
Less: credit loss allowance		(29)	—	(19)
		1,525	25	5,106
		As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Prepayments				
Entities controlled by the ultimate controlling entity		—	16,006	5,114
		As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Other receivables				
Entities controlled by the ultimate controlling entity		615	721	486
Associates and joint ventures		270,756	285,842	255,293
		271,371	286,563	255,779

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The Group provided loans to JEBEL ALI FREE ZONE TRADER MARKET DEVELOPMENT AND OPERATION FZCO, an associate of the Group. These loans bear interest at an annual rate of the 6-month average EIBOR plus 5%, with a term from March 2020 to March 2039. Repayment of the loans is subject to the progress of the underlying project. As at December 31, 2023, 2024, and 2025, the outstanding loan amounts were approximately RMB238,906,000, RMB268,690,000, and RMB255,266,000, respectively.

The Group also provided loans to Yiwu Shanglv, a joint venture of the Group. During the Track Record Period, these loans bore interest at annual rates ranging from 4.35% to 4.83%. Repayment of the loans is subject to the progress of the underlying project. As at December 31, 2023, 2024, and 2025, the outstanding loan amounts were approximately RMB31,850,000, RMB17,150,000, and nil, respectively.

As at December 31,			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Entrusted loans			
A minority shareholder of the subsidiary	48,073	—	48,073
	<u>48,073</u>	<u>—</u>	<u>48,073</u>
As at December 31,			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables			
Entities controlled by the ultimate controlling entity	9,602	280	2,603
Associates and joint ventures	2,321	8,808	1,010
	<u>11,923</u>	<u>9,088</u>	<u>3,613</u>
As at December 31,			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Advance from customers			
Entities controlled by the ultimate controlling entity	2,744	1,586	824
Associates and joint ventures	1,381	798	345
	<u>4,125</u>	<u>2,384</u>	<u>1,169</u>
As at December 31,			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities			
Entities controlled by the ultimate controlling entity	145	138	84
Associates and joint ventures	57	61	43
	<u>202</u>	<u>199</u>	<u>127</u>

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	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other payables			
Entities controlled by the ultimate controlling entity	542	863	297
Associates and joint ventures	833,358	849,683	77,018
	<u>833,900</u>	<u>850,546</u>	<u>77,315</u>

All the balances with the related parties are trade in natures.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	278	292	340
Salaries, wages and bonuses	7,045	6,408	8,841
Share-based compensation expenses	810	142	10
Pension costs, housing fund, medical insurance and other social benefits	1,835	1,847	1,978
	<u>9,968</u>	<u>8,689</u>	<u>11,169</u>

As at December 31, 2023, 2024 and 2025, approximately RMB1,835,000, RMB1,364,000, and RMB2,475,000 of payroll payables which were unpaid as at year end were included in other payables and accruals. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 39.

47. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the annual shareholders’ resolution dated April 29, 2026, a final dividend of RMB5 per 10 shares (tax inclusive), has been approved. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

48. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for

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as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognized at cost.

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in the Group’s interests in associates and joint ventures

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) *Business Combination not Under Common Controls*

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee’s net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company’s functional and the Group’s presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

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(iii) *Group Companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group’s entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group’s entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) **Property, Plant and Equipment**

The Group’s accounting policy for buildings and equipment is explained in Note 17. Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

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Investment properties also include leased properties which are right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	10–40 years
Land use rights	40–50 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

(8) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(9) Intangible assets

Goodwill

Goodwill is measured as described in Note 19. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

Capitalized development costs

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;

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- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and

The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Directly attributable costs that are capitalized as part of the patent right and non-patent technologies mainly include employee costs, raw materials and consumables used.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(10) Financial Assets

(i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) *Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- **FVOCI:** assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) *Impairment of Financial Assets*

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(11) **Financial Liabilities**

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

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Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(12) Inventories

Inventories include properties under development, completed properties held for sale and other inventories.

Properties under development.

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor area (“GFA”) to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Other inventories

Other inventories represent trading merchandises or other assets that are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable 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.

Inventories are accounted for under the perpetual inventory system, except for hotel catering food and beverage items, which are accounted for under the periodic inventory system.

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(13) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group’s impairment policies.

(14) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

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(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(19) Employee Benefits

(i) *Short-Term Obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) *Housing Funds, Medical Insurances and Other Social Insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) *Post-Employment Benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group’s defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) *Basic Pensions*

The Group’s employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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(20) Share-Based Payments

(i) *Equity-settled share-based payment transactions*

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(ii) *Share-based payment transactions among group entities*

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company’s own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(iii) *Modifications and Cancellations*

The Group may modify the terms and conditions on which the share-based compensation plan was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting year. A grant of the share-based compensation plan, that is cancelled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognize the amount that otherwise would have been recognized for services received over the remainder of the vesting year

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities’ shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

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(23) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(24) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(25) Government Grants

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(26) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) *Current Income Tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) *Deferred Income Tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give

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rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(27) Leases

(i) *Definition of a Lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) *The Group as a Lessee*

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and

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- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

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

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

(iii) *The Group as a Lessor*

Classification and measurement of leases

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

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

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report.