

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YUEN KEE FOOD GROUP CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of YUEN KEE FOOD GROUP CO., LTD. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as 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’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information and that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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.

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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 financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025, and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
[REDACTED]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”), which is the functional currency of the Company, 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 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	2,026,120	2,561,117	2,795,104	934,007	1,305,522
Cost of sales		(1,500,958)	(1,973,318)	(2,098,263)	(717,028)	(934,619)
Gross profit		525,162	587,799	696,841	216,979	370,903
Other income and gains	6	6,916	8,942	21,653	6,956	32,795
Selling and marketing expenses		(76,960)	(125,888)	(136,917)	(42,143)	(65,977)
Administrative expenses		(199,222)	(239,444)	(279,295)	(91,092)	(120,350)
(Impairment loss)/reversal of impairment loss on financial assets, net		(15,116)	(832)	(1,857)	38	(2,308)
Other expenses		(7,086)	(8,787)	(10,749)	(4,732)	(3,329)
Finance costs	8	(4,182)	(6,778)	(7,939)	(3,651)	(2,435)
Share of profits and losses of:						
Associates	18	1,427	342	7,685	552	7,128
A joint venture		–	–	(209)	–	(125)
PROFIT BEFORE TAX	7	230,939	215,354	289,213	82,907	216,302
Income tax expense	11	(63,833)	(73,397)	(90,473)	(25,831)	(58,997)
PROFIT FOR THE YEAR/PERIOD		167,106	141,957	198,740	57,076	157,305
Profit attributable to:						
Owners of the parent		167,230	144,226	198,285	57,005	154,789
Non-controlling interests		(124)	(2,269)	455	71	2,516
		167,106	141,957	198,740	57,076	157,305
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic						
– For profit for the year/period (RMB)	13	1.74	1.42	1.90	0.56	1.32
Diluted						
– For profit for the year/period (RMB)	13	1.74	1.42	1.90	0.56	1.32

For details of the Pre-[REDACTED] Investment, please refer to note 30 to the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR/PERIOD	<u>167,106</u>	<u>141,957</u>	<u>198,740</u>	<u>57,076</u>	<u>157,305</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations	<u>—</u>	<u>(134)</u>	<u>208</u>	<u>259</u>	<u>(282)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>167,106</u>	<u>141,823</u>	<u>198,948</u>	<u>57,335</u>	<u>157,023</u>
Total comprehensive income attributable to:					
Owners of the parent . . .	167,230	144,146	198,476	57,213	154,595
Non-controlling interests .	(124)	(2,323)	472	122	2,428
	<u>167,106</u>	<u>141,823</u>	<u>198,948</u>	<u>57,335</u>	<u>157,023</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December			31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment .	14	101,902	125,681	173,057	212,408
Right-of-use assets	15	99,758	213,720	204,766	192,298
Finance lease receivables	16	—	1,645	1,768	1,433
Intangible assets	17	3,860	2,568	1,238	760
Investments in associates	18	34,677	59,513	69,193	75,833
Financial investments at fair value through profit or loss .	19	2,200	33,256	50,412	74,075
Deferred tax assets	21	8,829	6,928	5,528	5,337
Prepayments, other receivables and other assets	22	20,863	25,700	25,525	22,641
Total non-current assets		272,089	469,011	531,487	584,785
CURRENT ASSETS					
Inventories	23	60,984	71,908	88,365	94,628
Trade receivables	24	25,785	50,124	66,976	65,141
Prepayments, other receivables and other assets	22	32,942	59,216	74,281	85,325
Financial investments at fair value through profit or loss	19	—	—	—	400,260
Finance lease receivables	16	—	414	834	834
Cash and bank balances	25	326,551	359,847	1,108,598	812,501
Total current assets		446,262	541,509	1,339,054	1,458,689
CURRENT LIABILITIES					
Trade payables	26	63,354	90,762	130,038	118,631
Interest-bearing bank borrowings	27	40,025	95,340	110,115	72,414
Other payables and accruals . .	28	142,421	143,321	223,301	262,804
Contract liabilities	29	64,545	74,125	87,998	72,159
Lease liabilities	15	17,851	31,264	31,956	32,039
Tax payables		20,871	22,848	21,968	25,327
Total current liabilities		349,067	457,660	605,376	583,374
NET CURRENT ASSETS . . .		97,195	83,849	733,678	875,315
TOTAL ASSETS LESS CURRENT LIABILITIES .					
		369,284	552,860	1,265,165	1,460,100

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		31 December			31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank					
borrowings	27	—	—	50,205	87,314
Lease liabilities	15	81,825	77,963	70,638	58,036
Deferred income	20	—	—	1,227	1,091
Deferred tax liabilities	21	52	177	65	3,958
Contract liabilities	29	31,393	33,683	11,174	5,334
Total non-current liabilities		113,270	111,823	133,309	155,733
Net assets		256,014	441,037	1,131,856	1,304,367
EQUITY					
Paid-in capital	30	101,523	101,523	—	—
Share capital	30	—	—	117,395	117,395
Reserves	31	154,615	337,338	1,004,454	1,174,537
		256,138	438,861	1,121,849	1,291,932
Non-controlling interests		(124)	2,176	10,007	12,435
Total equity		256,014	441,037	1,131,856	1,304,367

For details of the Pre-[REDACTED] Investment, please refer to note 30 to the Historical Financial Information.

Year ended 31 December 2023

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Year ended 31 December 2025

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Paid-in share capital	Capital reserve*	Statutory reserve*	Equity-settled share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*		
	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000
At 1 January 2025	101,523	29,626	17,582	70,983	(80)	219,227	2,176	441,037
Profit for the year	–	–	–	–	–	198,285	455	198,740
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	191	–	17	208
Total comprehensive income for the year	–	–	–	–	191	198,285	472	198,948
Conversion into a joint stock company	–	287,329	(17,582)	(55,080)	–	(214,667)	–	–
Issuance of shares (note 30)	15,872	414,128	–	–	–	–	–	430,000
Capital injection from non-controlling shareholders	–	–	–	–	–	–	6,600	6,600
Distribution to non-controlling interests on liquidation of subsidiaries	–	(1,295)	–	–	–	–	759	(536)
Dividends declared (note 12)	–	–	–	–	–	(224)	–	(224)
Acquisition of a subsidiary under common control	–	(489)	–	–	–	–	–	(489)
Equity-settled share-based payment arrangements	–	–	–	56,520	–	–	–	56,520
Transfer from retained profits	–	–	7,442	–	–	(7,442)	–	–
At 31 December 2025	117,395	729,299	7,442	72,423	111	195,179	10,007	1,131,856

Attributable to owners of the parent

Attributable to owners of the parent

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		230,939	215,354	289,213	82,907	216,302
Adjustments for:						
Depreciation of property, plant and equipment . .	14	24,815	35,489	37,635	15,332	16,138
Depreciation of right-of-use assets	15	15,716	27,559	28,746	12,248	13,845
Amortisation of intangible assets	17	1,992	1,918	1,330	715	478
Share-based payment expense	32	11,446	38,088	56,520	12,894	17,357
Loss/(gain) on disposal of items of property, plant and equipment . .	7	498	882	2,217	277	(330)
(Gain)/loss on early termination of leases, net	15	(23)	115	(561)	(87)	18
Loss/(gain) on finance lease	7	–	739	(237)	(288)	–
Fair value changes of financial investments at fair value through profit or loss	6	(638)	(867)	(9,835)	(2,780)	(26,195)
Dividend income from financial investments at fair value through profit or loss	6	–	–	(650)	(650)	–
Impairment losses/(reversal) on trade receivables, net .	7	167	175	1,021	(32)	5
Impairment losses/(reversal) on prepayments, other receivables and other assets, net	7	14,949	657	836	(6)	2,303
Impairment losses on Investments in associates	7	–	–	–	–	1,893
Write-down of inventories to net realisable value	23	509	6,298	589	135	714
Share of profits of associates	18	(1,427)	(342)	(7,685)	(552)	(7,128)
Share of loss of a joint venture		–	–	209	–	125
Deferred income recognised in profit or loss	20	–	–	(151)	–	(136)
Interest income	6	(1,360)	(2,568)	(3,310)	(1,080)	(1,527)
Finance costs	8	4,182	6,778	7,939	3,651	2,435
Foreign exchange gain or loss, net		–	–	–	–	1,471
		301,765	330,275	403,826	122,684	237,768

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<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Decrease/(increase) in inventories	6,840	(17,222)	(17,046)	(26,014)	(6,977)
(Increase)/decrease in trade receivables	(19,051)	(24,514)	(17,873)	4,113	1,830
Increase in prepayments, other receivables and other assets	(18,309)	(25,800)	(3,962)	(10,200)	(16,666)
Increase/(decrease) in trade payables	12,109	27,408	39,276	16,877	(11,407)
(Decrease)/increase in other payables and accruals	(21,362)	7,906	65,454	26,218	29,183
Increase/(decrease) in contract liabilities	33,777	11,870	(8,636)	(11,941)	(21,679)
Increase in restricted cash	—	(8,814)	(3,085)	(36,215)	(53,121)
Cash generated from operations	295,769	301,109	457,954	85,522	158,931
Interest received	1,360	2,549	3,242	1,055	1,498
Tax paid	(51,049)	(69,394)	(90,065)	(32,141)	(51,554)
Net cash flows generated from operating activities	246,080	234,264	371,131	54,436	108,875

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		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment . .		4,640	8,879	908	4,659	816
Purchase of items of property, plant and equipment		(67,505)	(63,941)	(89,247)	(24,586)	(41,942)
Purchase of intangible assets		(3,036)	(626)	—	—	—
Purchase of items of land-use rights	15	—	(111,250)	(90)	—	—
Capital injection in associates		(19,250)	(30,545)	(2,150)	(100)	(3,507)
Purchase of unlisted equity investments . .		(2,200)	(30,890)	(4,000)	(4,000)	—
Purchase of structured deposits and wealth management products .		(280,000)	(420,000)	(1,915,300)	(782,800)	(1,176,000)
Proceeds from disposal of structured deposits and wealth management products .		280,638	420,701	1,917,979	696,293	778,272
Placement of bank deposits with original maturity of more than three months when acquired		—	—	—	—	(12,500)
Receipt of government grants for property, plant and equipment . .	20	—	—	1,378	—	—
Proceeds from disposal of an associate		—	—	155	—	—
Dividends received from financial assets at fair value through profit or loss	6	—	—	650	650	—
Dividends received from an associate		—	—	—	—	233
Receipt of finance leases	16	—	131	450	114	364
Advances of loans to associates and a joint venture		(3,500)	(10,000)	(2,115)	—	(562)
Advances of loans to third parties		—	(1,060)	—	—	—
Repayments of loans from associates		—	—	1,350	—	4,000
Increase in restricted cash		—	—	(3,441)	(3,441)	(30,242)
Net cash flows used in investing activities . .		(90,213)	(238,601)	(93,473)	(113,211)	(481,068)

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		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection		39,600	—	—	—	—
Issuance of shares		—	—	430,000	—	—
Capital injection from non-controlling shareholders		—	4,623	6,600	6,600	—
Purchase of the Controlling Person's Store		—	—	(489)	—	—
Payments to non-controlling shareholders		—	—	(536)	—	—
New bank borrowings . .		40,000	145,500	279,705	225,603	99,609
Repayment of bank borrowings		(8,500)	(90,200)	(214,800)	(19,800)	(100,000)
Interest paid		(1,220)	(1,910)	(4,233)	(1,708)	(1,856)
Dividends paid to the then shareholder		—	(600)	(1,080)	—	—
Repayment of lease liabilities	15	(18,346)	(28,598)	(30,590)	(13,987)	(15,418)
[REDACTED] expenses paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows generated from/(used in) financing activities . .		51,534	28,815	464,577	196,708	(19,504)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
		207,401	24,478	742,235	137,933	(391,697)
Cash and cash equivalents at beginning of year/period		119,150	326,551	351,033	351,033	1,093,258
Effect of foreign exchange rate changes, net		—	4	(10)	135	(263)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD						
		326,551	351,033	1,093,258	489,101	701,298
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS . . .						
Cash and bank balances	25	326,551	359,847	1,108,598	537,571	812,501
Less: Restricted cash . . .		—	8,814	15,340	48,470	98,703
Bank deposits with original maturity of more than three months		—	—	—	—	12,500
Cash and cash equivalents as stated in the statement of cash flows		326,551	351,033	1,093,258	489,101	701,298

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		31 December			31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	7,716	13,664	11,399	9,301
Right-of-use assets	15	26,241	21,673	17,751	15,521
Finance lease receivables	16	—	1,645	1,768	1,433
Intangible assets	17	3,569	1,978	902	531
Investments in associates	18	4,186	—	—	—
Investments in subsidiaries	1	149,803	336,439	428,588	476,562
Deferred tax assets	21	4,870	2,140	1,073	708
Prepayments, other receivables and other assets	22	5,062	6,170	10,070	12,130
Total non-current assets		201,447	383,709	471,551	516,186
CURRENT ASSETS					
Inventories	23	—	42,316	48,036	51,135
Trade receivables	24	17,192	35,758	24,211	18,964
Prepayments, other receivables and other assets	22	62,612	68,254	27,156	95,485
Financial assets at fair value through profit or loss	19	—	—	—	390,255
Finance lease receivables	16	—	414	834	834
Cash and bank balances	25	80,440	273,642	765,269	414,925
Total current assets		160,244	420,384	865,506	971,598
CURRENT LIABILITIES					
Trade payables	26	1,163	75,003	94,958	96,001
Interest-bearing bank borrowings	27	40,025	85,331	100,068	61,944
Other payables and accruals	28	96,444	115,446	76,987	191,973
Contract liabilities	29	35,289	74,926	88,074	72,540
Lease liabilities	15	3,588	6,098	6,854	6,880
Tax payables		—	16,337	5,835	18,237
Total current liabilities		176,509	373,141	372,776	447,575
NET CURRENT (LIABILITIES)/ ASSETS					
		(16,265)	47,243	492,730	524,023
TOTAL ASSETS LESS CURRENT LIABILITIES					
		185,182	430,952	964,281	1,040,209
NON-CURRENT LIABILITIES					
Lease liabilities	15	22,573	20,464	15,361	12,651
Contract liabilities	29	31,393	33,683	11,174	5,334
Total non-current liabilities		53,966	54,147	26,535	17,985
Net assets		131,216	376,805	937,746	1,022,224
EQUITY					
Paid-in capital	30	101,523	101,523	—	—
Share capital	30	—	—	117,395	117,395
Reserves	31	29,693	275,282	820,351	904,829
Total equity		131,216	376,805	937,746	1,022,224

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

YUEN KEE FOOD GROUP CO., LTD. (the “Company”) was registered in the People’s Republic of China (the “PRC”) as a limited liability company on 11 April 2017. In June 2025, the Company was converted into a joint stock company with limited liability with registered capital of RMB101,522,843. The registered office of the Company is located at Room 2001-2021, 20/F, Baoneng Financial Building, No. 8 Junlan Road, Dongping Community, Le Cong Town, Shunde District, Foshan City, Guangdong Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together referred to as the “Group”) were involved in the sale of goods as well as the provision of franchise and related services.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name	Place and date of registration and place of business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangdong Yuanhong Food Co., Ltd. (“廣東省元宏食品有限公司”) (i)	PRC/Chinese mainland 7 August 2020	RMB30,000,000	100%	–	Production and sale of products
Suzhou Yuanji Food Co., Ltd. (“蘇州袁記食品有限公司”) (i)	PRC/Chinese mainland 3 April 2018	RMB30,000,000	100%	–	Production and sale of products
Foshan Maideli Food Co., Ltd. (“佛山市麥德利食品有限公司”) (i)	PRC/Chinese mainland 2 February 2021	RMB5,000,000	100%	–	Production and sale of products
Guangdong Yuansu Logistics Supply Chain Co., Ltd. (“廣東省袁速物流供應鏈有限公司”) (i)	PRC/Chinese mainland 12 November 2021	RMB5,000,000	100%	–	Provision of transportation services
Shenzhen Yunjiao Catering Management Co., Ltd. (“深圳雲餃餐飲管理有限公司”) (i)	PRC/Chinese mainland 15 March 2021	RMB50,000,000	100%	–	Provision of management services
Guangdong Yuanshun Food Co., Ltd. (“廣東省元順食品有限公司”) (i)	PRC/Chinese mainland 15 March 2024	RMB100,000,000	100%	–	Production and sale of products
Shenzhen Yuanyu Investment Co., Ltd. (“深圳元域投資有限責任公司”) (i)	PRC/Chinese mainland 13 April 2023	RMB100,000,000	100%	–	Investment in own funds

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The English names of the PRC companies above represent management’s best efforts in translating the Chinese names of these companies as no English names have been registered.

Note:

- (i) No audited statutory financial statements of these companies have been prepared for the years ended 31 December 2023, 2024 and 2025.

2.1 BASIS OF PRESENTATION

As of 30 September 2025, the Group purchased a store operated by the ultimate controlling person (the “Controlling Person’s Store”) as a sole proprietorship for RMB488,800. This date was used to delineate the transfer of ownership rights related to the store, which was deemed completed at this point. Before and after the transfer, the store and the companies currently comprising the Group were under the common control of the ultimate controlling person. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the purchase had been completed at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods have been prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2023 and 2024 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

All intra-group transactions and balances have been eliminated on consolidation.

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2.2 BASIS OF PREPARATION

In anticipation of the [REDACTED], the redemption rights of ordinary shares issued to Pre-[REDACTED] investor has been irrecoverably terminated and shall be void ab initio as described in note 30 to the Historical Financial Information, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the related agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investment as equity throughout the Relevant Periods. For details of the financial impacts, see note 30 to the Historical Financial Information.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”).

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not adopted the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>

¹ Effective for annual/reporting periods beginning on or after 1 January 2027

² Effective for annual periods beginning on or after 1 January 2029

³ No mandatory effective date yet determined but available for adoption

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The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group’s presentation of the statement of profit or loss and disclosures of the Group’s financial performance. So far, the Group considers that the new and amended IFRS Accounting Standards will not have a significant impact on the Group’s results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or a joint venture are eliminated to the extent of the Group’s investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group’s investments in associates or a joint venture.

Upon loss of joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures certain of its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|--|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rates (%)
Buildings	5.00
Plant and machinery	5.00-33.33
Motor vehicles	25.00-50.00
Electronic equipment	20.00-33.33
Office equipment and other equipment	20.00-33.33
Leasehold improvements	Over the shorter of the lease terms and 20.00-50.00

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1 to 3 years based on the Group’s past experience, different purposes for which the software is used and the authorised period for such use.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Warehouses, office premises and self-operated stores	1.2-11.0 years
Land-use rights	50.0 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of offices premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

General approach

Expected credit losses (“ECLs”) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings and payables)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity’s own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

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Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to complete the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short term highly liquid investments that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are deducted from cash and cash equivalents.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group has established business presence.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in primarily all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group primarily generates its revenue from the sale of goods and the provision of franchise and related services. Further details of the Group’s revenue recognition policies are as follows:

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of franchising services

Revenue from franchising services is derived from franchise agreements which entitle the franchisees the access to the brand of the Group, the associated intellectual property and operational support services provided by the Group (the “franchise rights”). The original term of a franchise agreement is typically one year or three years (the “franchise period”). The Group accounts for the franchise rights as a single performance obligation as they are highly interrelated and not individually distinct.

Franchisees are required to pay (i) non-refundable franchise fee and annual operation management fees, and (ii) online platform management fees, which are determined at a certain percentage of online sales amount (net of platform commission). The non-refundable franchise fee is recognised over the franchise period as the franchisee simultaneously receives and consumes the benefits provided by the Group. The online platforms management fee is recognised at the time the underlying sales occur.

Franchisees are generally required to make a deposit, which is fully refundable upon the termination of the franchise period. The Group does not consider this advance consideration includes a significant financing component, since it is used to protect the Group from the failure of franchisees to adequately complete some or all of their obligations under the contracts.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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Share-based payments

The Company implements a share award arrangement for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments and restricted shares (“RSs”) (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group’s accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised 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 can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are included in note 21 to the Historical Financial Information.

Estimation uncertainty

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

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 37 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair values of the unlisted equity investments amounted to RMB2,200,000, RMB33,256,000, RMB50,412,000 and RMB74,075,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively. Further details are included in note 37 to the Historical Financial Information.

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4. OPERATING SEGMENT INFORMATION

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s chief operating decision maker is the chief executive officer of the Group who reviews the Group’s consolidated results of operations. Accordingly, no reportable segment information is presented.

Geographical information

(i) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese mainland	2,018,678	2,539,012	2,736,250	917,821	1,261,189
Outside Chinese mainland . .	7,442	22,105	58,854	16,186	44,333
Total	2,026,120	2,561,117	2,795,104	934,007	1,305,522

Information about major customers

No sales to a single customer accounted for more than 10% of the Group’s total revenue during each of the Relevant Periods and the five months ended 31 May 2025.

5. REVENUE

Revenue represents income from the sale of goods to customers and the provision of franchising and related services during the Relevant Periods and the five months ended 31 May 2025.

(i) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of revenue					
Sale of goods	1,937,809	2,429,378	2,656,629	886,353	1,241,163
Provision of franchising services	87,847	116,601	132,455	45,212	63,431
Others	464	15,138	6,020	2,442	928
Total	2,026,120	2,561,117	2,795,104	934,007	1,305,522
Timing of revenue recognition					
Goods transferred at a point in time	1,938,273	2,431,915	2,658,879	886,916	1,242,091
Services transferred over time	87,847	116,601	132,455	45,212	63,431
Services transferred at a point in time	–	12,601	3,770	1,879	–
Total	2,026,120	2,561,117	2,795,104	934,007	1,305,522

The following table illustrates the amounts of revenue recognised in each of the Relevant Periods and the five months ended 31 May 2025 that were included in the contract liabilities at the beginning of those periods:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sale of goods	20,180	29,256	31,015	31,015	49,137
Provision of franchising services	17,488	35,289	43,110	22,864	22,234
Total	37,668	64,545	74,125	53,879	71,371

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(ii) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied when customers take possession of and accept the deliveries at stores or appointed locations. Except for certain major franchisees who are offered a 60-day credit period, for the majority of the sales transactions, customers make advance payments before the goods are delivered to them.

Provision of franchising services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

The Group provides online sales platform management services to its customers. Revenue from the provision of management services is recognised at the point in time when the services are completed.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the five months ended 31 May 2025 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amounts expected to be recognised as revenue:					
Within one year	64,545	74,125	87,998	71,326	72,159
After one year	31,393	33,683	11,174	24,541	5,334
Total	<u>95,938</u>	<u>107,808</u>	<u>99,172</u>	<u>95,867</u>	<u>77,493</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to franchise and related services, of which the performance obligations are to be satisfied within two to four years.

6. OTHER INCOME AND GAINS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Interest income	1,360	2,549	3,242	1,055	1,498
Government grants*					
– income	1,192	1,894	2,082	1,077	1,741
– assets	–	–	151	–	136
Interest income from finance lease receivables	–	19	68	25	29
Dividends income from financial assets at fair value through profit or loss	–	–	650	650	–
Total other income	<u>2,552</u>	<u>4,462</u>	<u>6,193</u>	<u>2,807</u>	<u>3,404</u>
Gains					
Realised fair value gains on disposal of financial assets at fair value through profit or loss	638	701	2,679	993	1,272
Unrealised fair value gains on financial assets at fair value through profit or loss	–	166	7,156	1,787	24,923
– Other unlisted investments	–	166	7,156	1,787	23,663
– Wealth management products	–	–	–	–	1,260

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	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Compensation received from franchisees	2,743	2,854	3,465	392	2,516
Gain on termination of right-of-use assets	23	–	561	87	–
Others	960	759	1,599	890	680
Total gains	4,364	4,480	15,460	4,149	29,391
Total other income and gains	6,916	8,942	21,653	6,956	32,795

* The government grants related to income mainly represent incentives received from the local government as financial support to local business enterprises for the purpose of encouraging business development. These grants are recognised in profit or loss upon receipt. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

Notes	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold*	1,482,943	1,952,219	2,076,071	707,972	924,079
Cost of services provided*	17,715	20,136	21,164	8,828	10,200
Cost of others*	300	963	1,028	228	340
Transportation expenses	9,600	12,352	13,716	4,930	6,170
Depreciation of right-of-use assets	15	15,716	27,559	12,248	13,845
Depreciation of property, plant and equipment	14	24,815	35,489	15,332	16,138
Amortisation of intangible assets	17	1,992	1,918	715	478
Loss/(gain) on disposal of items of property, plant and equipment		498	882	277	(330)
Loss/(gain) on finance lease		–	739	(288)	–
Professional service fees		7,925	7,634	1,245	3,039
Employee benefit expense (including directors’ and supervisor’s remuneration (note 9)):					
Wages and salaries		223,378	254,419	94,847	112,079
Pension scheme contributions**		16,081	21,470	10,318	12,613
Share-based payment expenses	32	1,241	37,244	12,894	17,357
Expenses relating to short-term leases	15	4,498	5,316	3,432	2,654
Fair value gains on financial investments at fair value through profit or loss	6	(638)	(867)	(2,780)	(26,195)
Impairment losses/(reversal of impairment loss) on trade receivables, net	24	167	175	(32)	5
Impairment losses/(reversal of impairment loss) on financial assets included in prepayments, other receivables and other assets, net	22	14,949	657	(6)	2,303
Impairment losses on Investments in associates		–	–	–	1,893
[REDACTED] expense		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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* Cost of sales in the consolidated statement of profit or loss include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, employee benefit expenses, short-term lease expenses and transportation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings	1,171	1,925	4,308	1,881	1,655
Interest on lease liabilities	3,011	4,853	4,027	1,770	1,502
Subtotal	4,182	6,778	8,335	3,651	3,157
Less: Interest capitalised	—	—	(396)	—	(722)
Total	4,182	6,778	7,939	3,651	2,435

For details of the Pre-[REDACTED] Investment, please refer to note 30 to the Historical Financial Information.

9. DIRECTORS’ AND SUPERVISOR’S REMUNERATION

The remuneration of each of the Company’s directors and supervisor as recorded in each of the Relevant Periods and the five months ended 31 May 2025 is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	409	—	450
Other emoluments:					
Salaries, bonus, allowances and benefits in kind	1,961	1,887	5,432	1,046	3,395
Share-based payment expenses	25	838	3,057	348	1,921
Pension scheme contributions	52	59	111	30	63
Total	2,038	2,784	9,009	1,424	5,829

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year ended 31 December 2025 and the five months ended 31 May 2025 and 2026 were as follows:

	Year ended 31 December	Five months ended 31 May	
	2025	2025	2026
	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Yin Qiang (a)	200	—	150
Ms. Yu Fangjin (b)	200	—	150
Mr. Huang Chingshuan (h)	9	—	150
Total	409	—	450

There were no other emoluments payable to the independent non-executive directors during each of the Relevant Periods and the five months ended 31 May 2025.

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(b) Executive directors and supervisor

Details of the emoluments paid or payable to executive directors and a supervisor of the Company for their services provided to the Group during the Relevant Periods and the five months ended 31 May 2025 are as follows:

Year ended 31 December 2023					
	Fees	Salaries, bonus, allowances and benefits in kind	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Yuan Lianghong (c) . . .	—	420	—	44	464
Supervisor:					
Mr. Xu Le (d)	—	1,541	25	8	1,574
Total	—	1,961	25	52	2,038
	—	—	—	—	—
Year ended 31 December 2024					
	Fees	Salaries, bonus, allowances and benefits in kind	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Yuan Lianghong (c) . . .	—	936	—	50	986
Supervisor:					
Mr. Xu Le (d)	—	951	838	9	1,798
Total	—	1,887	838	59	2,784
	—	—	—	—	—
Year ended 31 December 2025					
	Fees	Salaries, bonus, allowances and benefits in kind	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Yuan Lianghong (c) . . .	—	1,614	—	61	1,675
Mr. Xu Le (d)	—	881	488	5	1,374
Mr. Zhang Liangliang (e) . .	—	736	1,011	5	1,752
Mr. Tian Wei (f)	—	1,507	488	31	2,026
Mr. Yuan Yongbo (g)	—	334	722	5	1,061
	—	5,072	2,709	107	7,888
Supervisor:					
Mr. Xu Le (d)	—	360	348	4	712
Total	—	5,432	3,057	111	8,600
	—	—	—	—	—
Five months ended 31 May 2025 (unaudited)					
	Fees	Salaries, bonus, allowances and benefits in kind	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Yuan Lianghong (c)	—	686	—	26	712
Supervisor:					
Mr. Xu Le (d)	—	360	348	4	712
Total	—	1,046	348	30	1,424
	—	—	—	—	—

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Five months ended 31 May 2026					
	Fees	Salaries, bonus, allowances and benefits in kind	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Yuan Lianghong (c)	—	739	—	26	765
Mr. Xu Le (d)	—	645	346	5	996
Mr. Zhang Liangliang (e)	—	554	717	5	1,276
Mr. Tian Wei (f)	—	1,203	346	22	1,571
Mr. Yuan Yongbo (g)	—	254	512	5	771
	—				
Total	—	3,395	1,921	63	5,379
	—				

During the Relevant Periods and the five months ended 31 May 2025, certain directors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme (the “Share Incentive Plan”) of the Company, further details of which are set out in note 32 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss over the vesting period. The amounts of share-based payment expenses during the Relevant Periods and the five months ended 31 May 2025 are included in the above directors’ remuneration disclosures.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the five months ended 31 May 2025.

Notes:

- (a) Mr. Yin Qiang was appointed as an independent non-executive director in June 2025.
- (b) Ms. Yu Fangjin was appointed as an independent non-executive director in June 2025.
- (c) Mr. Yuan Lianghong was appointed as a director in December 2022.
- (d) Mr. Xu Le was appointed as a supervisor in April 2017, and he resigned as a supervisor and was appointed as a director in June 2025.
- (e) Mr. Zhang Liangliang was appointed as a director in June 2025.
- (f) Mr. Tian Wei was appointed as a director in June 2025.
- (g) Mr. Yuan Yongbo was appointed as a director in June 2025.
- (h) Mr. Huang Chingshuan was appointed as an independent non-executive director in December 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026 include one supervisor, nil, two, two and two directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the four, five, three, three and three highest paid employees who are not a director or supervisor of the Company for the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries, allowances and benefits in kind	4,788	4,306	4,351	1,606	2,264
Share-based payment expenses	108	6,488	4,968	1,352	1,962
Pension scheme contributions	31	48	28	36	33
Total	4,927	10,842	9,347	2,994	4,259
	=	=	=	=	=

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The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HKD1,000,000	1	–	–	2	1
HKD1,000,001 to HKD1,500,000	2	–	–	1	1
HKD1,500,001 to HKD2,000,000	1	4	1	–	1
HKD2,000,001 to HKD2,500,000	–	–	–	–	–
HKD2,500,001 to HKD3,000,000	–	1	1	–	–
HKD3,000,001 to HKD3,500,001	–	–	–	–	–
HKD3,500,001 to HKD4,000,000	–	–	1	–	–
Total	4	5	3	3	3
	=	=	=	=	=

11. INCOME TAX

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

PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate for the Group’s PRC subsidiaries is 25% except for those entitled to preferential tax set out below.

Certain of the Group’s PRC subsidiaries are qualified as small and micro enterprises by the relevant tax authorities and were entitled to a preferential EIT rate of 5% for the taxable income during the Relevant Periods and the five months ended 31 May 2025.

Hong Kong profits tax

The statutory rate of Hong Kong profits tax was 16.5% for the Relevant Periods and the five months ended 31 May 2025 on the estimated assessable profits arising in Hong Kong.

Singapore income tax

The statutory rate of income tax for the subsidiary in Singapore was 17% for the Relevant Periods and the five months ended 31 May 2025.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Current income tax	63,723	71,371	89,185	24,313	54,913
Deferred tax	110	2,026	1,288	1,518	4,084
Total tax charge for the year/period	63,833	73,397	90,473	25,831	58,997
	=	=	=	=	=

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Profit before tax	230,939	215,354	289,213	82,907	216,302
	=	=	=	=	=

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	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tax at the statutory tax rate of 25%	57,735	53,839	72,303	20,727	54,076
Effect of different tax rates	(2,164)	(767)	(2,056)	(1,282)	(2,318)
Share of profits and losses of associates and a joint venture	(357)	(85)	(1,887)	(138)	(1,761)
Expenses not deductible for tax	6,291	12,713	17,650	4,766	6,312
Tax losses and temporary differences not recognised	2,328	7,697	5,485	2,778	3,381
Tax losses utilised from previous periods	–	–	(1,022)	(1,020)	(693)
Tax charge at the effective rate	<u>63,833</u>	<u>73,397</u>	<u>90,473</u>	<u>25,831</u>	<u>58,997</u>

12. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends declared by the then shareholder	<u>483</u>	<u>460</u>	<u>224</u>	<u>85</u>	<u>–</u>

As disclosed in the basis of presentation set out in note 2.1, the Controlling Person’s Store comprised the company under the common control of the ultimate controlling person. Prior to the transfer of ownership to the Group, the Controlling Person’s Store distributed dividends to the then shareholder.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on profit attributable to owners of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2025.

In June 2025, the paid-in capital of the Company was fully converted into ordinary shares upon the transformation of the Company into a joint stock company (note 30). The weighted average numbers of ordinary shares outstanding have been retroactively adjusted to reflect the post-capitalisation share count, incorporating both the share structure reform and capitalisation adjustments.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Earnings					
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	<u>167,230</u>	<u>144,226</u>	<u>198,285</u>	<u>57,005</u>	<u>154,789</u>
Shares					
Weighted average number of ordinary shares outstanding, used in the basic and diluted earnings per share calculation (*000)	<u>96,028</u>	<u>101,523</u>	<u>104,393</u>	<u>101,523</u>	<u>117,395</u>
Basic and diluted earnings per share (RMB)	1.74	1.42	1.90	0.56	1.32

The Group has no dilutive potential ordinary shares and accordingly, the diluted earnings per share for the Relevant Periods and the five months ended 31 May 2025 were the same as the basic earnings per share.

For details of the Pre-[REDACTED] Investment, please refer to note 30 to the Historical Financial Information.

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14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	17,104	40,760	5,273	7,574	4,175	20,949	–	95,835
Accumulated depreciation	(1,693)	(8,015)	(1,109)	(2,692)	(1,098)	(5,724)	–	(20,331)
Net carrying amount	<u>15,411</u>	<u>32,745</u>	<u>4,164</u>	<u>4,882</u>	<u>3,077</u>	<u>15,225</u>	<u>–</u>	<u>75,504</u>
At 1 January 2023, net of accumulated depreciation	15,411	32,745	4,164	4,882	3,077	15,225	–	75,504
Additions	–	27,034	3,208	4,501	4,035	13,488	4,085	56,351
Transfer	–	346	581	48	440	–	(1,415)	–
Depreciation provided during the year	(744)	(9,119)	(1,492)	(2,851)	(1,384)	(9,225)	–	(24,815)
Disposals	–	(3,199)	(1,474)	(321)	(89)	(55)	–	(5,138)
At 31 December 2023, net of accumulated depreciation	<u>14,667</u>	<u>47,807</u>	<u>4,987</u>	<u>6,259</u>	<u>6,079</u>	<u>19,433</u>	<u>2,670</u>	<u>101,902</u>
At 31 December 2023:								
Cost	17,104	63,032	6,733	10,954	8,455	31,190	2,670	140,138
Accumulated depreciation	(2,437)	(15,225)	(1,746)	(4,695)	(2,376)	(11,757)	–	(38,236)
Net carrying amount	<u>14,667</u>	<u>47,807</u>	<u>4,987</u>	<u>6,259</u>	<u>6,079</u>	<u>19,433</u>	<u>2,670</u>	<u>101,902</u>
31 December 2024								
At 1 January 2024:								
Cost	17,104	63,032	6,733	10,954	8,455	31,190	2,670	140,138
Accumulated depreciation	(2,437)	(15,225)	(1,746)	(4,695)	(2,376)	(11,757)	–	(38,236)
Net carrying amount	<u>14,667</u>	<u>47,807</u>	<u>4,987</u>	<u>6,259</u>	<u>6,079</u>	<u>19,433</u>	<u>2,670</u>	<u>101,902</u>
At 1 January 2024, net of accumulated depreciation	14,667	47,807	4,987	6,259	6,079	19,433	2,670	101,902
Additions	–	26,179	60	4,793	3,115	7,067	27,819	69,033
Transfer	–	9,032	–	–	–	14,187	(23,219)	–
Depreciation provided during the year	(813)	(13,855)	(1,669)	(3,329)	(2,207)	(13,616)	–	(35,489)
Disposals	–	(6,369)	(286)	(1,067)	(822)	(1,218)	–	(9,762)
Exchange realignment	–	–	–	–	(3)	–	–	(3)
At 31 December 2024, net of accumulated depreciation	<u>13,854</u>	<u>62,794</u>	<u>3,092</u>	<u>6,656</u>	<u>6,162</u>	<u>25,853</u>	<u>7,270</u>	<u>125,681</u>
At 31 December 2024:								
Cost	17,104	88,886	6,228	13,273	9,509	39,965	7,270	182,235
Accumulated depreciation	(3,250)	(26,092)	(3,136)	(6,617)	(3,347)	(14,112)	–	(56,554)
Net carrying amount	<u>13,854</u>	<u>62,794</u>	<u>3,092</u>	<u>6,656</u>	<u>6,162</u>	<u>25,853</u>	<u>7,270</u>	<u>125,681</u>
	Buildings	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025:								
Cost	17,104	88,886	6,228	13,273	9,509	39,965	7,270	182,235
Accumulated depreciation	(3,250)	(26,092)	(3,136)	(6,617)	(3,347)	(14,112)	–	(56,554)
Net carrying amount	<u>13,854</u>	<u>62,794</u>	<u>3,092</u>	<u>6,656</u>	<u>6,162</u>	<u>25,853</u>	<u>7,270</u>	<u>125,681</u>

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	Buildings	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025, net of accumulated depreciation . .	13,854	62,794	3,092	6,656	6,162	25,853	7,270	125,681
Additions	–	13,924	370	1,691	1,202	531	70,390	88,108
Transfer	–	–	–	–	1,064	6,304	(7,368)	–
Depreciation provided during the year	(812)	(16,551)	(1,226)	(2,961)	(2,318)	(13,767)	–	(37,635)
Disposals	–	(1,376)	(59)	(403)	(1,279)	(8)	–	(3,125)
Exchange realignment	–	–	–	7	21	–	–	28
At 31 December 2025, net of accumulated depreciation . .	<u>13,042</u>	<u>58,791</u>	<u>2,177</u>	<u>4,990</u>	<u>4,852</u>	<u>18,913</u>	<u>70,292</u>	<u>173,057</u>
At 31 December 2025:								
Cost	17,104	100,475	5,741	13,937	10,176	46,792	70,292	264,517
Accumulated depreciation . . .	(4,062)	(41,684)	(3,564)	(8,947)	(5,324)	(27,879)	–	(91,460)
Net carrying amount	<u>13,042</u>	<u>58,791</u>	<u>2,177</u>	<u>4,990</u>	<u>4,852</u>	<u>18,913</u>	<u>70,292</u>	<u>173,057</u>

	Buildings	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2026								
At 1 January 2026:								
Cost	17,104	100,475	5,741	13,937	10,176	46,792	70,292	264,517
Accumulated depreciation . . .	(4,062)	(41,684)	(3,564)	(8,947)	(5,324)	(27,879)	–	(91,460)
Net carrying amount	<u>13,042</u>	<u>58,791</u>	<u>2,177</u>	<u>4,990</u>	<u>4,852</u>	<u>18,913</u>	<u>70,292</u>	<u>173,057</u>
At 1 January 2026, net of accumulated depreciation . .	13,042	58,791	2,177	4,990	4,852	18,913	70,292	173,057
Additions	–	9,412	553	1,083	2,172	1,514	41,268	56,002
Transfer	–	2,112	–	–	–	3,322	(5,434)	–
Depreciation provided during the period	(339)	(7,197)	(549)	(1,137)	(1,015)	(5,901)	–	(16,138)
Disposals	–	(34)	–	(42)	(410)	–	–	(486)
Exchange realignment	–	–	–	(1)	(26)	–	–	(27)
At 31 May 2026, net of accumulated depreciation . .	<u>12,703</u>	<u>63,084</u>	<u>2,181</u>	<u>4,893</u>	<u>5,573</u>	<u>17,848</u>	<u>106,126</u>	<u>212,408</u>
At 31 May 2026:								
Cost	17,104	111,834	6,294	14,638	11,506	51,564	106,126	319,066
Accumulated depreciation . . .	(4,401)	(48,750)	(4,113)	(9,745)	(5,933)	(33,716)	–	(106,658)
Net carrying amount	<u>12,703</u>	<u>63,084</u>	<u>2,181</u>	<u>4,893</u>	<u>5,573</u>	<u>17,848</u>	<u>106,126</u>	<u>212,408</u>

Company

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	30	1,542	3,445	883	1,718	7,618
Accumulated depreciation	(8)	(637)	(1,306)	(369)	(822)	(3,142)
Net carrying amount	<u>22</u>	<u>905</u>	<u>2,139</u>	<u>514</u>	<u>896</u>	<u>4,476</u>
At 1 January 2023, net of accumulated depreciation	22	905	2,139	514	896	4,476
Additions	4	1,312	3,264	607	1,193	6,380
Depreciation provided during the year	(7)	(200)	(1,776)	(332)	(206)	(2,521)
Disposals	–	(509)	(53)	(57)	–	(619)

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	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023, net of accumulated depreciation	19	1,508	3,574	732	1,883	7,716
At 31 December 2023:						
Cost	34	2,053	5,973	1,353	2,250	11,663
Accumulated depreciation	(15)	(545)	(2,399)	(621)	(367)	(3,947)
Net carrying amount	19	1,508	3,574	732	1,883	7,716

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	34	2,053	5,973	1,353	2,250	–	11,663
Accumulated depreciation	(15)	(545)	(2,399)	(621)	(367)	–	(3,947)
Net carrying amount	19	1,508	3,574	732	1,883	–	7,716
At 1 January 2024, net of accumulated depreciation	19	1,508	3,574	732	1,883	–	7,716
Additions	9	–	1,230	1,164	7,210	1,338	10,951
Depreciation provided during the year	(10)	(377)	(1,764)	(434)	(1,940)	–	(4,525)
Disposals	–	(1)	(230)	(247)	–	–	(478)
At 31 December 2024, net of accumulated depreciation	18	1,130	2,810	1,215	7,153	1,338	13,664
At 31 December 2024:							
Cost	38	2,033	5,993	1,785	8,403	1,338	19,590
Accumulated depreciation	(20)	(903)	(3,183)	(570)	(1,250)	–	(5,926)
Net carrying amount	18	1,130	2,810	1,215	7,153	1,338	13,664

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	38	2,033	5,993	1,785	8,403	1,338	19,590
Accumulated depreciation	(20)	(903)	(3,183)	(570)	(1,250)	–	(5,926)
Net carrying amount	18	1,130	2,810	1,215	7,153	1,338	13,664
At 1 January 2025, net of accumulated depreciation	18	1,130	2,810	1,215	7,153	1,338	13,664
Additions	–	20	1,154	324	–	2,689	4,187
Transfer	–	–	–	–	4,027	(4,027)	–
Depreciation provided during the year	(6)	(377)	(1,695)	(534)	(3,764)	–	(6,376)
Disposals	(8)	(42)	(26)	–	–	–	(76)
At 31 December 2025, net of accumulated depreciation	4	731	2,243	1,005	7,416	–	11,399
At 31 December 2025:							
Cost	23	1,742	6,902	2,106	7,416	–	18,189
Accumulated depreciation	(19)	(1,011)	(4,659)	(1,101)	–	–	(6,790)
Net carrying amount	4	731	2,243	1,005	7,416	–	11,399

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	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2026						
At 1 January 2026:						
Cost	23	1,742	6,902	2,106	7,416	18,189
Accumulated depreciation	(19)	(1,011)	(4,659)	(1,101)	–	(6,790)
Net carrying amount	<u>4</u>	<u>731</u>	<u>2,243</u>	<u>1,005</u>	<u>7,416</u>	<u>11,399</u>
At 1 January 2026, net of accumulated depreciation	4	731	2,243	1,005	7,416	11,399
Additions	–	–	656	43	–	699
Depreciation provided during the period	(1)	(152)	(697)	(211)	(1,726)	(2,787)
Disposals	–	–	(10)	–	–	(10)
At 31 May 2026, net of accumulated depreciation	<u>3</u>	<u>579</u>	<u>2,192</u>	<u>837</u>	<u>5,690</u>	<u>9,301</u>
At 31 May 2026:						
Cost	23	1,742	7,365	2,149	7,416	18,695
Accumulated depreciation	(20)	(1,163)	(5,173)	(1,312)	(1,726)	(9,394)
Net carrying amount	<u>3</u>	<u>579</u>	<u>2,192</u>	<u>837</u>	<u>5,690</u>	<u>9,301</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises, self-operated stores and warehouses used in its operations. Lump sum payments were made upfront to acquire the land-use rights with lease periods of 50 years, and no ongoing payments will be made under the terms of these land-use rights. Leases of warehouses, office premises and self-operated stores generally have lease terms between 1.2 and 11.0 years.

(a) Right-of-use assets

Group

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Warehouses, office premises and self- operated stores	Land-use rights	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	61,043	–	61,043
Additions	54,635	–	54,635
Depreciation charge	(15,716)	–	(15,716)
Early termination	(204)	–	(204)
At 31 December 2023 and 1 January 2024	<u>99,758</u>	<u>–</u>	<u>99,758</u>
Additions	44,559	111,250	155,809
Depreciation charge	(26,261)	(1,298)	(27,559)
Early termination	(11,378)	–	(11,378)
Sublease	(2,910)	–	(2,910)
At 31 December 2024 and 1 January 2025	<u>103,768</u>	<u>109,952</u>	<u>213,720</u>
Additions	25,437	90	25,527
Depreciation charge	(26,518)	(2,228)	(28,746)
Early termination	(5,257)	–	(5,257)
Sublease	(688)	–	(688)
Exchange realignment	210	–	210
At 31 December 2025 and 1 January 2026	<u>96,952</u>	<u>107,814</u>	<u>204,766</u>
Additions	3,749	–	3,749
Depreciation charge	(12,917)	(928)	(13,845)
Early termination	(1,958)	–	(1,958)
Exchange realignment	(414)	–	(414)
At 31 May 2026	<u>85,412</u>	<u>106,886</u>	<u>192,298</u>

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As at 31 December 2025 and 31 May 2026, the Company’s bank loans of RMB50,246,000 and RMB87,779,000 were secured by certain right-of-use assets with carrying amounts of RMB107,814,000 and RMB106,886,000, respectively (note 27).

Company

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Warehouses, office premises and self- operated stores
	<i>RMB'000</i>
At 1 January 2023	6,254
Additions	22,064
Depreciation charge	(1,885)
Early termination	(192)
At 31 December 2023 and 1 January 2024	<u>26,241</u>
Additions	5,668
Depreciation charge	(5,226)
Early termination	(2,100)
Sublease	(2,910)
At 31 December 2024 and 1 January 2025	<u>21,673</u>
Additions	1,599
Depreciation charge	(4,714)
Early termination	(119)
Sublease	(688)
At 31 December 2025 and 1 January 2026	<u>17,751</u>
Depreciation charge	(2,230)
At 31 May 2026	<u>15,521</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

Group

	31 December			31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	60,603	99,676	109,227	102,594
New leases	54,635	44,559	25,437	3,749
Accretion of interest recognised during the year/period	3,011	4,853	4,027	1,502
Early termination	(227)	(11,263)	(5,818)	(1,940)
Payments	(18,346)	(28,598)	(30,590)	(15,418)
Exchange realignment	—	—	311	(412)
Carrying amount at 31 December/ 31 May	<u>99,676</u>	<u>109,227</u>	<u>102,594</u>	<u>90,075</u>
Analysed into:				
Current portion	17,851	31,264	31,956	32,039
In the second year	19,669	20,128	35,726	28,558
In the third to fifth years, inclusive	49,823	54,305	34,380	29,150
Beyond five years	12,333	3,530	532	328
	<u>99,676</u>	<u>109,227</u>	<u>102,594</u>	<u>90,075</u>

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Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	6,185	26,161	26,562	22,215
New leases	22,064	5,668	1,599	–
Accretion of interest recognised during the year/period	312	1,106	998	346
Early termination	(216)	(2,105)	(141)	–
Payments	(2,184)	(4,268)	(6,803)	(3,030)
Carrying amount at 31 December/31 May	<u>26,161</u>	<u>26,562</u>	<u>22,215</u>	<u>19,531</u>
Analysed into:				
Current portion	3,588	6,098	6,854	6,880
In the second year	5,236	5,947	6,539	6,129
In the third to fifth years, inclusive	15,419	14,517	8,822	6,522
Beyond five years	1,918	–	–	–
	<u>26,161</u>	<u>26,562</u>	<u>22,215</u>	<u>19,531</u>

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

Group

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation expense of right-of-use assets	15,716	27,559	28,746	12,248	13,845
Interest expense on lease liabilities	3,011	4,853	4,027	1,770	1,502
Expense relating to short-term leases	4,498	5,316	6,260	3,432	2,654
(Gain)/loss on early termination	(23)	115	(561)	(87)	18
Total amount recognised in profit or loss	<u>23,202</u>	<u>37,843</u>	<u>38,472</u>	<u>17,363</u>	<u>18,019</u>

- (d) The total cash outflows for leases are disclosed in note 33(c) to the Historical Financial Information.

16. FINANCE LEASE RECEIVABLES

The carrying amounts of the Group’s and Company’s finance lease receivables and the movements during the Relevant Periods are as follows:

	31 December		31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	–	2,059	2,602
Additions	2,171	925	–
Accretion of interest recognised during the year/period	19	68	29
Receipts	(131)	(450)	(364)
Carrying amount at 31 December/31 May	<u>2,059</u>	<u>2,602</u>	<u>2,267</u>
Analysed into:			
Current portion	414	834	834
Non-current portion	<u>1,645</u>	<u>1,768</u>	<u>1,433</u>

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17. INTANGIBLE ASSETS

Group

	Software
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023:	
Cost	3,665
Accumulated amortisation	(849)
Net carrying amount	<u>2,816</u>
At 1 January 2023, net of accumulated amortisation	2,816
Additions	3,036
Amortisation provided during the year	(1,992)
At 31 December 2023, net of accumulated amortisation	<u>3,860</u>
At 31 December 2023:	
Cost	6,701
Accumulated amortisation	(2,841)
Net carrying amount	<u>3,860</u>
	Software
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	6,701
Accumulated amortisation	(2,841)
Net carrying amount	<u>3,860</u>
At 1 January 2024, net of accumulated amortisation	3,860
Additions	626
Amortisation provided during the year	(1,918)
At 31 December 2024, net of accumulated amortisation	<u>2,568</u>
At 31 December 2024:	
Cost	6,148
Accumulated amortisation	(3,580)
Net carrying amount	<u>2,568</u>
	Total
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	6,148
Accumulated amortisation	(3,580)
Net carrying amount	<u>2,568</u>
At 1 January 2025, net of accumulated amortisation	2,568
Amortisation provided during the year	(1,330)
At 31 December 2025, net of accumulated amortisation	<u>1,238</u>
At 31 December 2025:	
Cost	6,148
Accumulated amortisation	(4,910)
Net carrying amount	<u>1,238</u>

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	Total
	<i>RMB'000</i>
31 May 2026	
At 1 January 2026:	
Cost	6,148
Accumulated amortisation	(4,910)
Net carrying amount.	<u>1,238</u>
At 1 January 2026, net of accumulated amortisation	1,238
Amortisation provided during the period	(478)
At 31 May 2026, net of accumulated amortisation	<u>760</u>
At 31 May 2026:	
Cost	6,148
Accumulated amortisation	(5,388)
Net carrying amount.	<u>760</u>

Company

	Software
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023:	
Cost	2,486
Accumulated amortisation	(440)
Net carrying amount.	<u>2,046</u>
At 1 January 2023, net of accumulated amortisation	2,046
Additions	2,898
Amortisation provided during the year	(1,375)
At 31 December 2023, net of accumulated amortisation	<u>3,569</u>
At 31 December 2023:	
Cost	5,384
Accumulated amortisation	(1,815)
Net carrying amount.	<u>3,569</u>

	Software
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	5,384
Accumulated amortisation	(1,815)
Net carrying amount.	<u>3,569</u>
At 1 January 2024, net of accumulated amortisation	3,569
Amortisation provided during the year	(1,591)
At 31 December 2024, net of accumulated amortisation	<u>1,978</u>
At 31 December 2024:	
Cost	5,384
Accumulated amortisation	(3,406)
Net carrying amount.	<u>1,978</u>

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	Software
	RMB'000
31 December 2025	
At 1 January 2025:	
Cost	5,384
Accumulated amortisation	(3,406)
Net carrying amount	<u>1,978</u>
At 1 January 2025, net of accumulated amortisation	1,978
Amortisation provided during the year	(1,076)
At 31 December 2025, net of accumulated amortisation	<u>902</u>
At 31 December 2025:	
Cost	5,384
Accumulated amortisation	(4,482)
Net carrying amount	<u>902</u>

	Software
	RMB'000
31 May 2026	
At 1 January 2026:	
Cost	5,384
Accumulated amortisation	(4,482)
Net carrying amount	<u>902</u>
At 1 January 2026, net of accumulated amortisation	902
Amortisation provided during the period	(371)
At 31 May 2026, net of accumulated amortisation	<u>531</u>
At 31 May 2026:	
Cost	5,384
Accumulated amortisation	(4,853)
Net carrying amount	<u>531</u>

18. INVESTMENTS IN ASSOCIATES

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	<u>34,677</u>	<u>59,513</u>	<u>69,193</u>	<u>75,833</u>

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates’ profit for the year/period	1,427	342	7,685	7,128
Share of the associates’ total comprehensive income	1,427	342	7,685	7,128
Aggregate carrying amount of the Group’s investments in the associates	34,677	59,513	69,193	75,833

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Company

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets	4,186	—	—	—

The following table illustrates the aggregate financial information of the Company’s associates that are not individually material:

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Share of the associates’ loss for the year/period	(364)	—	—	—
Share of the associates’ total comprehensive loss	(364)	—	—	—
Aggregate carrying amount of the Company’ investments in associates	4,186	—	—	—

19. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Current portion				
Wealth management products (i)	—	—	—	400,260
Non-current Portion				
Unlisted investments, at fair value (ii)	2,200	33,256	50,412	74,075
	<u>2,200</u>	<u>33,256</u>	<u>50,412</u>	<u>474,335</u>

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Current portion				
Wealth management products (i)	—	—	—	390,255
	<u>—</u>	<u>—</u>	<u>—</u>	<u>390,255</u>

Notes:

- (i) The Group and the Company entered into a series of wealth management products with banks in the Chinese mainland. The investment portfolio comprises both principal-guaranteed and non-principal-guaranteed products. During the Relevant Periods, the expected annualised returns on principal-guaranteed products ranged from 0.30% to 1.77%.
- (ii) The above unlisted investments were classified as financial assets at fair value through profit or loss, as the Group does not exercise significant influence over these investees.

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20. DEFERRED INCOME

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	–	–	1,227	1,091
	=	=	=	=

The movements in deferred income as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	–	–	1,227
Grants received during the year/period	–	–	1,378	–
Credited to the statement of profit or loss during the year/period	–	–	(151)	(136)
	=	=	=	=
At the end of year/period	–	–	1,227	1,091
	=	=	=	=

21. DEFERRED TAX

Group

The movements in deferred tax assets as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	Impairment provision for financial assets	Impairment provision for inventories	Losses available for offsetting against future taxable profits	Lease liabilities	Unrealised profits arising from intercompany transactions	Deferred income	Impairment provision for investments in associates	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	10	67	8,848	10,025	–	–	–	18,950
Deferred tax credited/(charged) to profit or loss during the year	3,772	20	(3,845)	7,151	–	–	–	7,098
Gross deferred tax assets at 31 December 2023	3,782	87	5,003	17,176	–	–	–	26,048
Deferred tax credited/(charged) to profit or loss during the year	65	1,430	(4,986)	5,826	450	–	–	2,785
Gross deferred tax assets at 31 December 2024	3,847	1,517	17	23,002	450	–	–	28,833
Deferred tax credited/(charged) to profit or loss during the year	429	(1,457)	1,814	(1,860)	(420)	192	–	(1,302)
Gross deferred tax assets at 31 December 2025	4,276	60	1,831	21,142	30	192	–	27,531
Deferred tax credited/(charged) to profit or loss during the period	676	88	772	(2,234)	335	(21)	473	89
Gross deferred tax assets at 31 May 2026	4,952	148	2,603	18,908	365	171	473	27,620

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The movements in deferred tax liabilities as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	Right-of-use assets	Fair value adjustments of financial investments at fair value through profit or loss	Finance lease receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	10,063	–	–	10,063
Deferred tax charged to profit or loss during the year	7,208	–	–	7,208
Gross deferred tax liabilities at 31 December 2023	17,271	–	–	17,271
Deferred tax charged to profit or loss during the year	4,255	41	515	4,811
Gross deferred tax liabilities at 31 December 2024	21,526	41	515	22,082
Deferred tax (credited)/charged to profit or loss during the year	(1,940)	1,790	136	(14)
Gross deferred tax liabilities at 31 December 2025	19,586	1,831	651	22,068
Deferred tax (credited)/charged to profit or loss during the period	(1,973)	6,230	(84)	4,173
Gross deferred tax liabilities at 31 May 2026	17,613	8,061	567	26,241

As at 31 December 2023, 2024 and 2025 and 31 May 2026, certain subsidiaries of the Group had deductible temporary differences and tax losses of RMB9,312,000, RMB30,788,000, RMB21,940,000 and RMB13,524,000, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses as it is not considered probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	8,829	6,928	5,528	5,337
Net deferred tax liabilities recognised in the consolidated statements of financial position	52	177	65	3,958

Company

The movements in deferred tax assets as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	Impairment provision for financial assets	Impairment provision for inventories	Losses available for offsetting against future taxable profits	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	2	–	8,506	1,546	10,054
Deferred tax credited/(charged) to profit or loss during the year	89	–	(3,707)	4,994	1,376
Gross deferred tax assets at 31 December 2023	91	–	4,799	6,540	11,430

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	Impairment provision for financial assets	Impairment provision for inventories	Losses available for offsetting against future taxable profits	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax credited/(charged) to profit or loss during the year	72	1,270	(4,799)	100	(3,357)
Gross deferred tax assets at 31 December 2024 . . .	<u>163</u>	<u>1,270</u>	<u>–</u>	<u>6,640</u>	<u>8,073</u>
Deferred tax credited/(charged) to profit or loss during the year	390	(1,215)	–	(1,086)	(1,911)
Gross deferred tax assets at 31 December 2025 . . .	<u>553</u>	<u>55</u>	<u>–</u>	<u>5,554</u>	<u>6,162</u>
Deferred tax (charged)/ credited to profit or loss during the period	(89)	67	–	(671)	(693)
Gross deferred tax assets at 31 May 2026	<u>464</u>	<u>122</u>	<u>–</u>	<u>4,883</u>	<u>5,469</u>

The movements in deferred tax liabilities as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	Right-of-use assets	Fair value adjustments of financial investments at fair value through profit or loss	Finance lease receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,564	–	–	1,564
Deferred tax charged to profit or loss during the year	4,996	–	–	4,996
Gross deferred tax liabilities at 31 December 2023	<u>6,560</u>	<u>–</u>	<u>–</u>	<u>6,560</u>
Deferred tax (credited)/charged to profit or loss during the year	(1,142)	–	515	(627)
Gross deferred tax liabilities at 31 December 2024	<u>5,418</u>	<u>–</u>	<u>515</u>	<u>5,933</u>
Deferred tax (credited)/charged to profit or loss during the year	(980)	–	136	(844)
Gross deferred tax liabilities at 31 December 2025	<u>4,438</u>	<u>–</u>	<u>651</u>	<u>5,089</u>
Deferred tax (credited)/charged to profit or loss during the period	(558)	314	(84)	(328)
Gross deferred tax liabilities at 31 May 2026	<u>3,880</u>	<u>314</u>	<u>567</u>	<u>4,761</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statements of financial position .	4,870	2,140	1,073	708
Net deferred tax liabilities recognised in the statements of financial position	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Current:				
Other receivables from the platform	15,907	20,471	22,653	20,127
Prepayments	17,516	15,208	20,865	45,762
Recoverable value added tax	3,562	32,613	19,922	11,861
Loans to associates and a joint venture	–	1,200	14,265	10,807
Deposits	8,266	2,463	4,472	4,711
Other current assets	2,694	2,921	2,866	3,856
Receivables due from related parties	–	–	3,301	2,328
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	47,945	74,876	90,031	103,378
Impairment allowance	(15,003)	(15,660)	(15,750)	(18,053)
	32,942	59,216	74,281	85,325
Non-current:				
Loans to associates	3,500	12,300	–	–
Deposits	6,209	7,338	8,788	8,669
Prepayments for long-term assets	11,154	6,062	16,737	13,972
Total	20,863	25,700	25,525	22,641

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period	54	15,003	15,660	15,750
Impairment losses, net	14,949	657	836	2,303
Amount written off as uncollectible	–	–	(746)	–
At end of year/period	15,003	15,660	15,750	18,053

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Current:				
Recoverable value added tax	141	25,864	12,705	–
Prepayments	1,753	5,936	6,117	7,111
Deposits	6,397	802	1,317	233
Receivables due from subsidiaries	24,000	34,185	–	76,857
Loans to associates	–	–	5,000	5,000
Dividends receivable	30,000	–	–	–
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other current assets	679	1,889	545	2,282
Receivables due from a joint venture	–	–	201	201
	62,970	68,676	27,572	95,610
Impairment allowance	(358)	(422)	(416)	(125)
Total	62,612	68,254	27,156	95,485

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	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Loans to associates	3,500	4,000	–	–
Loans to subsidiaries	–	–	8,000	10,000
Deposits	1,560	1,964	2,059	2,033
Prepayments for long-term assets . .	2	206	11	97
	<u>5,062</u>	<u>6,170</u>	<u>10,070</u>	<u>12,130</u>

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	9	358	422	416
Impairment losses, net	349	64	740	(291)
Amount written off as uncollectible	–	–	(746)	–
At end of year/period	<u>358</u>	<u>422</u>	<u>416</u>	<u>125</u>

23. INVENTORIES

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	37,863	49,823	58,817	64,422
Raw materials	18,061	22,891	17,177	18,524
Goods in transit	5,569	5,492	12,960	12,396
Impairment allowance	(509)	(6,298)	(589)	(714)
Total	<u>60,984</u>	<u>71,908</u>	<u>88,365</u>	<u>94,628</u>

For the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the impairment of inventories recognised in cost of sales amounted to RMB509,000, RMB6,298,000, RMB589,000 and RMB714,000, respectively.

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	–	42,269	40,151	43,478
Raw materials	–	463	–	–
Goods in transit	–	4,663	8,104	8,147
Impairment allowance	–	(5,079)	(219)	(490)
Total	<u>–</u>	<u>42,316</u>	<u>48,036</u>	<u>51,135</u>

24. TRADE RECEIVABLES

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	25,952	50,466	68,339	66,509
Impairment allowance	(167)	(342)	(1,363)	(1,368)
Total	<u>25,785</u>	<u>50,124</u>	<u>66,976</u>	<u>65,141</u>

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The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The credit period is generally within two months, extending up to six months for certain customers. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the invoice date and net of loss allowance, is as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 month	17,908	33,237	44,384	42,791
1 to 3 months	7,691	13,508	19,120	13,474
3 to 6 months	11	3,163	2,699	7,554
6 months to 1 year	63	216	731	1,312
Over 1 year	112	–	42	10
Total	<u>25,785</u>	<u>50,124</u>	<u>66,976</u>	<u>65,141</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of the year/period	–	167	342	1,363
Impairment losses, net	<u>167</u>	<u>175</u>	<u>1,021</u>	<u>5</u>
Total	<u>167</u>	<u>342</u>	<u>1,363</u>	<u>1,368</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of common credit risk based on customer categories to measure expected credit losses.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at 31 December 2023	Gross amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
Trade receivables from franchises	21,141	0.76%	161
Trade receivables from e-commerce business	<u>4,811</u>	<u>0.13%</u>	<u>6</u>
Total	<u>25,952</u>		<u>167</u>
As at 31 December 2024	Gross amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
Trade receivables from franchises	42,651	0.78%	332
Trade receivables from e-commerce business	<u>7,815</u>	<u>0.13%</u>	<u>10</u>
Total	<u>50,466</u>		<u>342</u>
As at 31 December 2025	Gross amount	Expected credit loss rate	Expected credit losses
	RMB’000		RMB’000
Trade receivables from franchises	52,708	0.75%	395
Trade receivables from e-commerce business	<u>14,682</u>	<u>0.13%</u>	<u>19</u>
Individual assessment	<u>949</u>	<u>100.00%</u>	<u>949</u>
Total	<u>68,339</u>		<u>1,363</u>

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As at 31 May 2026	Gross amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables from franchises	54,769	0.78%	427
Trade receivables from e-commerce business	10,813	0.13%	14
Individual assessment	927	100.00%	927
Total	<u>66,509</u>		<u>1,368</u>

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	17,199	35,990	25,262	19,949
Impairment allowance	(7)	(232)	(1,051)	(985)
Total	<u>17,192</u>	<u>35,758</u>	<u>24,211</u>	<u>18,964</u>

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the invoice date and net of loss allowance, is as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 month	17,191	19,706	15,238	13,442
1 to 3 months	1	12,647	6,301	2,475
3 to 6 months	–	3,187	1,917	1,741
6 months to 1 year	–	218	713	1,296
Over 1 year	–	–	42	10
Total	<u>17,192</u>	<u>35,758</u>	<u>24,211</u>	<u>18,964</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	–	7	232	1,051
Impairment losses, net	7	225	819	(66)
Total	<u>7</u>	<u>232</u>	<u>1,051</u>	<u>985</u>

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2023	Gross amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables from franchise	132	0.76%	1
Trade receivables from e-commerce business	4,541	0.13%	6
Trade receivables from subsidiaries	12,526	–	–
Total	<u>17,199</u>		<u>7</u>

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As at 31 December 2024	Gross amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables from franchise	28,590	0.78%	223
Trade receivables from e-commerce business	7,071	0.13%	9
Trade receivables from subsidiaries	329	—	—
Total	<u>35,990</u>		<u>232</u>

As at 31 December 2025	Gross amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables from franchise	17,038	0.75%	128
Trade receivables from e-commerce business	7,141	0.13%	9
Individual assessment	914	100.00%	914
Trade receivables from subsidiaries	169	—	—
Total	<u>25,262</u>		<u>1,051</u>

As at 31 May 2026	Gross amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables from franchise	11,595	0.78%	91
Trade receivables from e-commerce business	6,321	0.13%	8
Individual assessment	886	100.00%	886
Trade receivables from subsidiaries	1,147	—	—
Total	<u>19,949</u>		<u>985</u>

25. CASH AND BANK BALANCES

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	326,551	351,033	1,093,258	701,298
Restricted cash*	—	8,814	15,340	98,703
Time deposits	—	—	—	12,500
Total	<u>326,551</u>	<u>359,847</u>	<u>1,108,598</u>	<u>812,501</u>
Denominated in:				
RMB	326,188	355,280	1,090,644	777,150
HKD	363	1,037	9,365	10,559
USD	—	—	580	1,287
JPY	—	—	—	1,268
MYR	—	—	—	1,224
SGD	—	3,530	8,009	21,013
	<u>326,551</u>	<u>359,847</u>	<u>1,108,598</u>	<u>812,501</u>

The RMB is not freely convertible into other currencies, however, under Regulations on the Foreign Exchange Control of the PRC and the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

* As at 31 December 2024, the restricted cash comprised: RMB8,814,000 representing prepayments received from individual consumers under the Group’s loyalty prepaid program.

* As at 31 December 2025, the restricted cash comprised: RMB11,899,000 representing prepayments received from individual consumers under the Group’s loyalty prepaid program; and RMB3,441,000 in cash collateral deposited with banks for the issuance of payment guarantees totaling RMB17,205,000.

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- * As at 31 May 2026, the restricted cash comprised: RMB65,020,000 representing prepayments received from individual consumers under the Group’s loyalty prepaid program; RMB3,683,000 in cash collateral deposited with banks for the issuance of payment guarantees totaling RMB18,415,000; and RMB30,000,000 restricted for the purchase of wealth management products.

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Cash and cash equivalents	80,440	264,828	754,029	307,405
Restricted cash	–	8,814	11,240	95,020
Time deposits	–	–	–	12,500
	<u>80,440</u>	<u>273,642</u>	<u>765,269</u>	<u>414,925</u>
Denominated in:				
RMB	80,077	272,605	763,788	413,289
HKD	363	1,037	1,481	1,636
Total	<u>80,440</u>	<u>273,642</u>	<u>765,269</u>	<u>414,925</u>

26. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the invoice date, is as follows:

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	<u>63,354</u>	<u>90,762</u>	<u>130,038</u>	<u>118,631</u>

Trade payables are non-interest-bearing and normally settled on terms of up to 6 months.

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	<u>1,163</u>	<u>75,003</u>	<u>94,958</u>	<u>96,001</u>

27. INTEREST-BEARING BANK BORROWINGS

Group

	31 December									31 May		
	2023			2024			2025			2026		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Current												
Bank loans – unsecured	–	–	–	2.70%	2025	75,530	2.20%-2.50%	2026	110,074	1.45%-2.2%	2026-2027	71,949
Bank loans – secured (notes (i), (ii), (iii))	3.20%	2024	40,025	2.70%	2025	19,810	2.65%-2.75%	2026	41	2.65%-2.75%	2026	465
Subtotal			40,025			95,340			110,115			72,414

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	31 December									31 May		
	2023			2024			2025			2026		
	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000
Non-current												
Bank loans – secured (notes (ii), (iii))	–	–	–	–	–	–	2.65%-2.75%	2035	50,205	2.65%-2.75%	2035	87,314
Total			40,025			95,340			160,320			159,728

	31 December									31 May		
	2023			2024			2025			2026		
	RMB’000			RMB’000			RMB’000			RMB’000		
Analysed into:												
Bank loans:												
Within one year				40,025			95,340			110,115		72,414
In the second year				–			–			2,510		4,366
In the third to fifth years, inclusive				–			–			12,551		21,829
Beyond five years				–			–			35,144		61,119
Total				40,025			95,340			160,320		159,728

Company

	31 December									31 May		
	2023			2024			2025			2026		
	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000	Effective interest rate	Maturity	RMB’000
Current												
Bank loans – unsecured	–	–	–	2.70%	2025	75,530	2.49%-2.50%	2026	100,068	1.45%	2027	61,944
Bank loans – secured (note (i))	3.20%	2024	40,025	2.70%	2025	9,801	–	–	–	–	–	–
Total			40,025			85,331			100,068			61,944

Notes:

- (i) As at 31 December 2023, certain of the bank loans of the Company amounting to RMB40,000,000 were secured by Mr. Yuan Lianghong, the chairman of the Company and Ms. Yang Yu, a former director of the Company.
- As at 31 December 2024, certain of the bank loans of the Group amounting to RMB19,800,000 were secured by Mr. Yuan Lianghong, the chairman of the Company and Ms. Yang Yu, a former director of the Company.
- (ii) As at 31 December 2025, certain of the bank loans of the Group amounting to RMB50,246,000 were secured by certain right-of-use assets with a carrying amount of RMB107,814,000.
- As at 31 May 2026, certain of the bank loans of the Group amounting to RMB87,779,000 were secured by certain right-of-use assets with a carrying amounts of RMB106,886,000.
- (iii) Pursuant to the contractual requirements, the bank will reassess the repayment plan if the asset-liability ratio of the Company exceeds 100%. As at 31 May 2026, the Company has complied with this agreement.

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28. OTHER PAYABLES AND ACCRUALS

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Payroll and welfare payable	36,987	25,668	52,848	36,192
Accruals and other payables	9,867	9,596	39,339	29,246
Prepayment received for prepaid cards	–	8,232	11,307	64,697
Investment consideration payables	14,000	7,000	13,212	13,331
Other tax payable	12,260	5,973	13,798	19,855
Deposits payable	69,307	86,852	92,797	99,483
Total	<u>142,421</u>	<u>143,321</u>	<u>223,301</u>	<u>262,804</u>

Other payables are unsecured and non-interest-bearing.

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Payroll and welfare payable	22,938	14,930	31,042	20,944
Accruals and other payables	2,279	3,587	15,623	5,996
Prepayment received for prepaid cards	–	8,232	11,307	64,697
Other tax payable	2,569	5,041	5,980	5,856
Deposits payable	68,658	83,656	13,035	94,480
Total	<u>96,444</u>	<u>115,446</u>	<u>76,987</u>	<u>191,973</u>

29. CONTRACT LIABILITIES

Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Sale of goods	29,256	31,015	49,137	44,312
Provision of franchise and related services	35,289	43,110	38,861	27,847
	<u>64,545</u>	<u>74,125</u>	<u>87,998</u>	<u>72,159</u>
Non-current:				
Provision of franchise and related services	31,393	33,683	11,174	5,334

Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Sale of goods	–	31,816	49,213	44,693
From third parties	–	30,227	47,933	44,007
From subsidiaries	–	1,589	1,280	686
Provision of franchise and related services	35,289	43,110	38,861	27,847
	<u>35,289</u>	<u>74,926</u>	<u>88,074</u>	<u>72,540</u>
Non-current:				
Provision of franchise and related services	31,393	33,683	11,174	5,334

Contract liabilities of the Group mainly arise from the advance payments received from customers for goods and deferred upfront services fees.

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30. PAID-IN CAPITAL AND SHARE CAPITAL

A summary of movements in the Company’s paid-in capital and share capital during the Relevant Periods are as follows:

	Paid-in capital	Share capital
	RMB’000	RMB’000
At 1 January 2023	90,400	–
Capital injection (<i>note (i)</i>)	11,123	–
At 31 December 2023 and at 31 December 2024	101,523	–
Conversion into a joint stock company (<i>note (ii)</i>)	(101,523)	101,523
Issuance of shares (<i>note (iii)</i>)	–	15,872
At 31 December 2025 and 31 May 2026	–	117,395

Notes:

- (i) In June 2023, capital of RMB39,600,000 was injected into the Company by investors with approximately RMB11,123,000 and RMB28,477,000 credited to the Company’s paid-in capital and capital reserve, respectively.
- (ii) In June 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. As of the conversion date, the net assets of the Company, including paid-in capital, capital reserve, statutory reserve, equity-settled share-based payment reserve and retained profits, amounting to approximately RMB388,852,000, were converted into 101,523,000 ordinary shares of RMB1.00 each.
- (iii) From August to December 2025, the Company entered into share subscription agreements with the investors. According to the agreement, the investors agreed to invest in the Company by subscribing for 15,872,000 shares at a total consideration of RMB430,000,000.

Pursuant to the shareholders’ agreement (the “Agreements”) entered into on 6 June 2023, the Company issued 1,522,843 ordinary shares to Xiamen Black Ant No. 3 Equity Investment Partnership Enterprise (Limited Partnership) (the “Pre-[REDACTED] Investor”) at RMB19.70 per share for net cash proceeds of approximately RMB30,000,000 (the “Pre-[REDACTED] Investment”), and the Pre-[REDACTED] Investor was granted by the Company with redemption rights.

In anticipation of the [REDACTED], the redemption rights have been irrecoverably terminated and shall be void ab initio.

Pursuant to the shareholders’ agreement (the “Supplemental Agreement”) entered into on 6 June 2023, if any redemption events occur in respect of the specified company, the investor shall have the right to require the Company, the controlling shareholders, or the de facto controller (collectively, the “Repurchase Obligors”) to repurchase their equity interests.

As agreed by all parties through negotiation, pursuant to the Supplemental Agreement, the provisions in the Supplemental Agreement regarding the Company’s obligation to redeem shares are deemed void ab initio (i.e, null and void from the date of the Company’s conversion into a joint stock company). At the same time, it is stipulated that the redemption obligation of the Company shall not be reinstated.

Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the Supplemental Agreement, the directors considered that it is appropriate to present the Pre-[REDACTED] Investment as equity throughout the Relevant Periods.

Had the redemption rights granted by the Company to the Pre-[REDACTED] Investor been accounted for as financial liabilities measured at present value of the redemption amount before the Company’s application for share reform on 28 February 2025 (the date which the Company determined the audit base date), (i) the redemption financial liabilities, total current liabilities, net current assets and net assets would have been, and (ii) the finance costs associated with the redemption financial liabilities, the net profit attributable to owners of the parent for the Relevant Periods and the five months ended 31 May 2025, and basic and diluted earnings per share would have been:

	31 December			31 May	
	2023	2024	2025	2026	
	RMB’000	RMB’000	RMB’000	RMB’000	
Redemption financial liabilities	31,220	33,811	–	–	
Total current liabilities	380,287	491,471	–	–	
Net current assets	65,975	50,038	–	–	
Net assets	224,794	407,226	–	–	

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	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs associated with the redemption financial liabilities	1,220	2,591	452	452	–
Total net profit attributable to owners of the parent . .	166,010	141,635	197,833	56,553	–
Basic and diluted earnings per share	1.73	1.40	1.90	0.56	–

31. RESERVES

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity in the Historical Financial Information.

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies’ registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Capital reserve

The capital reserve of the Group represents the excess of capital contributions from the equity holders of the Company over the paid-in capital and share capital, the difference between the consideration paid for business combinations under common control and the share of the net assets at book value in the consolidated financial statements of the ultimate controlling party, and the gains arising from capital increases in associates by other investors and distribution to non-controlling interests on liquidation of subsidiaries.

(c) Equity-settled share-based payment reserve

The equity settled share-based payment reserve represents the equity-settled share awards as set out in note 32 to the Historical Financial Information.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) The Company

Year ended 31 December 2023

	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	–	21,449	(88,705)	(67,256)
Profit and total comprehensive income for the year	–	–	–	57,026	57,026
Capital injection	28,477	–	–	–	28,477
Equity-settled share-based payment arrangements	–	–	11,446	–	11,446
At 31 December 2023	<u>28,477</u>	<u>–</u>	<u>32,895</u>	<u>(31,679)</u>	<u>29,693</u>

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Year ended 31 December 2024

	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	(Accumulated losses)/ Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	28,477	—	32,895	(31,679)	29,693
Profit and total comprehensive income for the year	—	—	—	207,501	207,501
Equity-settled share-based payment arrangements	—	—	38,088	—	38,088
Transfer from retained profits . .	—	17,582	—	(17,582)	—
At 31 December 2024	<u>28,477</u>	<u>17,582</u>	<u>70,983</u>	<u>158,240</u>	<u>275,282</u>

Year ended 31 December 2025

	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	28,477	17,582	70,983	158,240	275,282
Profit and total comprehensive income for the year	—	—	—	74,421	74,421
Conversion into a joint stock company	287,329	(17,582)	(55,080)	(214,667)	—
Issuance of shares	414,128	—	—	—	414,128
Equity-settled share-based payment arrangements	—	—	56,520	—	56,520
Transfer from retained profits . .	—	7,442	—	(7,442)	—
At 31 December 2025	<u>729,934</u>	<u>7,442</u>	<u>72,423</u>	<u>10,552</u>	<u>820,351</u>

Five months ended 31 May 2026

	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	729,934	7,442	72,423	10,552	820,351
Profit and total comprehensive income for the period	—	—	—	67,121	67,121
Equity-settled share-based payment arrangements	—	—	17,357	—	17,357
At 31 May 2026	<u>729,934</u>	<u>7,442</u>	<u>89,780</u>	<u>77,673</u>	<u>904,829</u>

32. SHARE-BASED PAYMENT

From 2023 to 2025, the Company and the founder of the Company signed restricted share agreements (the “RS agreements”) with certain employees of the Group.

RSs granted shall be vested after the completion of the successful [REDACTED] of the Company.

The following equity-settled share-based payments were outstanding during the Relevant Periods:

	Number of restricted shares
At 1 January 2023	—
Granted	6,750,914
At 31 December 2023	<u>6,750,914</u>
At 1 January 2024	6,750,914
Granted	101,523
Forfeited	(680,203)
At 31 December 2024	<u>6,172,234</u>

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	Number of restricted shares
At 1 January 2025	6,172,234
Granted	253,806
Forfeited	(314,721)
At 31 December 2025 and 31 May 2026	<u>6,111,319</u>

The fair value of equity-settled share-based payment granted was estimated as at the date of grant using the recent transaction price, taking into account the terms and conditions upon which the shares were granted. Under the RS agreements, the Group recognised share-based payment expenses of RMB1,241,000, RMB37,244,000, RMB35,242,000, RMB12,894,000 (unaudited) and RMB17,357,000 for the years ended 31 December 2023, and 2024 and 2025 and the five months ended 31 May 2025 and 2026, respectively.

In addition to the share-based payment expenses recognised based on the RS Agreements mentioned above, the Group also incurred one-time share-based payment expenses due to the transfer of shares at a price lower than the fair value on the transfer date, which were not subject to any vesting conditions. The Group recognised share-based payment expenses of RMB10,205,000, RMB844,000, RMB21,278,000, nil (unaudited) and nil for the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

During the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB54,635,000, RMB44,559,000, RMB25,437,000, RMB5,249,000 (unaudited) and RMB3,749,000 respectively, in respect of lease agreements.

During the years ended 31 December 2024 and 2025 and the five months ended 31 May 2025 and 2026, the Group subleased certain of its right-of-use assets to third parties which were classified as finance leases. During the years ended 31 December 2024 and 2025 and the five months ended 31 May 2025 and 2026, the Group derecognised the right-of-use assets in the amounts of RMB2,910,000, RMB688,000, RMB472,000 (unaudited) and RMB394,000, respectively, and recognised the net investment in the sublease in the amounts of RMB2,171,000, RMB925,000, RMB760,000 (unaudited) and nil during the years ended 31 December 2024 and 2025 and the five months ended 31 May 2025 and 2026, respectively. The Group recognised gains on the sublease of RMB237,000 and RMB288,000 for the year ended 31 December 2025 and the five months ended 31 May 2025, respectively, and a loss of RMB739,000 for the year ended 31 December 2024.

(b) Changes in liabilities arising from financing activities

	Dividends paid in other payables and accruals	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	RMB'000	RMB'000
At 1 January 2023	513	8,574	60,603
Changes from financing cash flows	—	30,280	(18,346)
Dividends declared	483	—	—
New leases	—	—	54,635
Interest expense	—	1,171	3,011
Derecognised upon early termination of leases	—	—	(227)
At 31 December 2023 and 1 January 2024	<u>996</u>	<u>40,025</u>	<u>99,676</u>
Changes from financing cash flows	(600)	53,390	(28,598)
Dividends declared	460	—	—
New leases	—	—	44,559
Interest expense	—	1,925	4,853
Derecognised upon early termination of leases	—	—	(11,263)
At 31 December 2024 and 1 January 2025	<u>856</u>	<u>95,340</u>	<u>109,227</u>
Changes from financing cash flows	(1,080)	60,672	(30,590)
Dividends declared	224	—	—
New leases	—	—	25,437
Interest expense	—	4,308	4,027
Derecognised upon early termination of leases	—	—	(5,818)
Exchange realignment	—	—	311
At 31 December 2025 and 1 January 2026	<u>—</u>	<u>160,320</u>	<u>102,594</u>

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	Dividends paid in other payables and accruals	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	RMB'000	RMB'000
At 1 January 2025	856	95,340	109,227
Changes from financing cash flows (unaudited) . . .	–	204,095	(13,987)
Dividends declared (unaudited)	85	–	–
New leases (unaudited)	–	–	5,249
Interest expense (unaudited)	–	1,881	1,770
Derecognised upon early termination of leases (unaudited)	–	–	(577)
Exchange realignment (unaudited)	–	–	271
At 31 May 2025 (unaudited)	941	301,316	101,953
At 1 January 2026	–	160,320	102,594
Changes from financing cash flows	–	(2,247)	(15,418)
New leases	–	–	3,749
Interest expense	–	1,655	1,502
Derecognised upon early termination of leases	–	–	(1,940)
Exchange realignment	–	–	(412)
At 31 May 2026	–	159,728	90,075

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	4,498	5,316	6,260	3,432	2,654
Within investing activities	–	111,250	90	–	–
Within financing activities	18,346	28,598	30,590	13,987	15,418
Total	22,844	145,164	36,940	17,419	18,072

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for purchase of property, plant and equipment	3,997	2,303	143,137	125,513

35. RELATED PARTY TRANSACTIONS

(a) Related parties for the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026 were as follows:

Name	Relationship	Referred to as
Hunan Hufeng Food Co., Ltd.	Associate	Hunan Hufeng
Guangdong Zhongyuan Packaging Industrial Co., Ltd.	Associate	Guangdong Zhongyuan
Shanghai Zhangfuyuan Big Bowl Noodle Catering Management Co., Ltd.	Associate	Shanghai Zhangfuyuan
Hangzhou Zhangfuyuan Big Bowl Noodles Catering Management Co., Ltd.	Entity controlled by an associate	Shanghai Zhangfuyuan
Suzhou Zhangfuyuan Supply Chain Management Co., Ltd.	Entity controlled by an associate	Shanghai Zhangfuyuan
Guangzhou Ayuan Catering Management Co., Ltd.	Associate	Guangzhou Ayuan

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Name	Relationship	Referred to as
Guangzhou Huto Culture Communication Co., Ltd.	Associate	Guangzhou Huto
Guangdong Xiecheng Noodles Food Co., Ltd. . . .	Associate	Guangdong Xiecheng
Xiamen Miantoushi Brand Management Co., Ltd.	Associate	Xiamen Miantoushi
Xiamen Miantoushi Catering Management Co., Ltd.	Entity controlled by an associate	Xiamen Miantoushi
Miantoushi Catering Management (Quanzhou) Co., Ltd.	Entity controlled by an associate	Xiamen Miantoushi
Zhaoqing City Dinghu Dadi Soy Sauce Food Co., Ltd.	Associate	Zhaoqing City Dinghu
Guangzhou Xinyong Food Co., Ltd.	Entity controlled by an associate	Zhaoqing City Dinghu
Guangzhou Yongtai Seasoning Co., Ltd.	Entity controlled by an associate	Zhaoqing City Dinghu
Guangdong Yuan Xiao Jiao Supply Chain Management Co., Ltd.	Associate	Guangdong Yuan Xiao Jiao
Hunan Yuan Xiao Jiao Food Group Co., Ltd.	Associate	Hunan Yuan Xiao Jiao
Foshan Yuanliang Food Co., Ltd.	Entity controlled by an associate	Hunan Yuan Xiao Jiao
Hunan Yuan Xiaojiao Brand Operation Management Co., Ltd.	Entity controlled by an associate	Hunan Yuan Xiao Jiao
Guangdong Yuan Xiaojiao Brand Operation Management Co., Ltd.	Entity controlled by an associate	Hunan Yuan Xiao Jiao
Changsha Yuandongli E-commerce Co., Ltd.	Entity controlled by an associate	Hunan Yuan Xiao Jiao
Changsha Fenfu Catering Service Co., Ltd.	Associate	Changsha Fenfu
Changsha Liu Fuquan Catering Management Co., Ltd.	Entity controlled by an associate	Changsha Fenfu
Yuan Lianghong	Executive director	Yuan Lianghong
Guangdong Miyuan Enterprise Management Co., Ltd.	Entity controlled by a close family member of an executive director	Guangdong Miyuan
Foshan Fanlaizhiwei Seasoning Food Co., Ltd.	Entity with significant influence from a close family member of an executive director	Foshan Fanlaizhiwei
Guangdong Huifengyuan Food Co., Ltd.	Entity with significant influence from a close family member of an executive director	Guangdong Huifengyuan
Shenzhen Left-Right Color Advertising Planning Co., Ltd.	Entity with significant influence from a close family member of an executive director	Shenzhen Left-Right Color
Guangdong Chuwei Engineering Services Co., Ltd.	Entity with significant influence from a close family member of an executive director	Guangdong Chuwei
Shenzhen Tebiezhengjing Culture Communication	Entity with significant influence from a close family member of an executive director	Shenzhen Tebiezhengjing
Foshan Heshun Food Engineering Co., Ltd.	Entity with significant influence from a close family member of an executive director	Foshan Heshun
Yuen Kee Dumplings (Thailand) CO.LTD.	Joint Venture	YK Thailand

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(b) Transactions with related parties:

The Group had the following material transactions with related parties during the Relevant Periods and the five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sale of goods to					
Shanghai Zhangfuyuan	—	859	3,646	1,680	865
Hunan Yuan Xiao Jiao	—	—	11,491	3,082	516
Zhaoqing City Dinghu	—	—	—	—	259
	<u>—</u>	<u>859</u>	<u>15,137</u>	<u>4,762</u>	<u>1,640</u>
Purchase of products and services from					
Guangdong Zhongyuan	315	23,577	68,562	16,352	31,221
Zhaoqing City Dinghu	—	812	4,251	3,212	4,215
Guangzhou Huto	—	—	351	96	435
Guangdong Xiecheng	—	73	350	218	89
Foshan Fanlaizhiwei	18,241	28,920	27,716	10,562	10,839
Guangdong Huifengyuan . .	—	25	7,086	20	5,240
Guangdong Chuwei	16,185	19,681	11,347	4,526	5,255
Foshan Heshun	3,834	1,934	4,970	1,056	486
Hunan Hufeng	367	11,316	21,794	7,246	24,255
Shenzhen Left-Right Color .	589	1,835	5,362	1,082	1,812
Shenzhen Tebiezhengjing . .	2,494	2,578	1,580	461	1,085
	<u>42,025</u>	<u>90,751</u>	<u>153,369</u>	<u>44,831</u>	<u>84,932</u>
Loans to					
Hunan Hufeng	3,500	6,500	—	—	—
Shanghai Zhangfuyuan	—	2,000	—	—	—
Guangzhou Ayuan	—	1,500	—	—	—
YK Thailand	—	—	2,115	—	562
	<u>3,500</u>	<u>10,000</u>	<u>2,115</u>	<u>—</u>	<u>562</u>
Repayments of loans by					
Hunan Hufeng	—	—	1,000	—	4,000
Shanghai Zhangfuyuan	—	—	200	—	—
Guangzhou Ayuan	—	—	150	—	—
	<u>—</u>	<u>—</u>	<u>1,350</u>	<u>—</u>	<u>4,000</u>
Interest income from					
Hunan Hufeng	34	239	342	63	98
Shanghai Zhangfuyuan	—	36	68	17	25
Guangzhou Ayuan	—	14	51	13	19
YK Thailand	—	—	—	—	25
	<u>34</u>	<u>289</u>	<u>461</u>	<u>93</u>	<u>167</u>
Advances to					
YK Thailand	—	—	3,281	—	—
	<u>—</u>	<u>—</u>	<u>3,281</u>	<u>—</u>	<u>—</u>
Repayment of advances					
YK Thailand	—	—	—	—	1,042
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,042</u>

(c) Outstanding balances with related parties:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (trade)				
Guangzhou Ayuan	—	—	17	38
Zhaoqing City Dinghu	—	—	64	69
Hunan Hufeng	—	—	1,065	394
Hunan Yuan Xiao Jiao	—	—	24	8
Shanghai Zhangfuyuan	—	4	713	418
Impairment allowance	—	—	(14)	(7)
	<u>—</u>	<u>4</u>	<u>1,869</u>	<u>920</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments, other receivables and other assets				
Prepayments (trade)				
Hunan Hufeng	115	–	1,535	1,535
Xiamen Miantoushi	–	–	61	42
Foshan Heshun	253	1,240	2,927	1,976
Shenzhen Tebiezhengjing	36	80	–	105
Guangzhou Huto	–	–	131	306
	<u>404</u>	<u>1,320</u>	<u>4,654</u>	<u>3,964</u>
Other receivables (trade)				
Guangdong Huifengyuan	–	–	–	20
Shanghai Zhangfuyuan	–	–	–	216
Impairment allowance	–	–	–	(2)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>234</u>
Other receivables (non-trade)				
Hunan Hufeng	3,500	10,000	9,000	5,040
Shanghai Zhangfuyuan	–	2,000	1,800	1,826
Guangzhou Ayuan	–	1,500	1,350	1,370
YK Thailand	–	–	5,396	4,663
Guangdong Huifengyuan	–	–	20	–
Impairment allowance	(197)	(765)	(813)	(3,180)
	<u>3,303</u>	<u>12,735</u>	<u>16,753</u>	<u>9,719</u>
	<u><u>3,303</u></u>	<u><u>12,735</u></u>	<u><u>16,753</u></u>	<u><u>9,719</u></u>
	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (trade)				
Guangdong Zhongyuan	295	2,254	8,996	5,418
Zhaoqing City Dinghu	–	812	853	968
Hunan Hufeng	–	1,880	3,128	2,342
Guangdong Xiecheng	–	55	25	13
Guangdong Chuwei	–	1,242	779	253
Foshan Fanlaizhiwei	2,290	2,153	2,564	2,274
Guangdong Huifengyuan	–	–	1,408	933
	<u>2,585</u>	<u>8,396</u>	<u>17,753</u>	<u>12,201</u>
	<u><u>2,585</u></u>	<u><u>8,396</u></u>	<u><u>17,753</u></u>	<u><u>12,201</u></u>
Other payables and accruals (trade)				
Shenzhen Left-Right Color	–	–	–	100
Foshan Heshun	–	–	–	99
Shenzhen Tebiezhengjing	–	–	–	320
	<u>–</u>	<u>–</u>	<u>–</u>	<u>519</u>
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>519</u></u>
Other payables and accruals (non-trade)				
Hunan Hufeng	50	–	–	–
Hunan Yuan Xiao Jiao	7,000	–	–	–
Guangdong Yuan Xiao Jiao	7,000	7,000	7,000	7,000
YK Thailand	–	–	212	331
Shenzhen Left-Right Color	102	–	100	–
Foshan Heshun	22	67	154	–
Shenzhen Tebiezhengjing	–	62	455	–
Yuan Lianghong	996	856	–	–
	<u>15,170</u>	<u>7,985</u>	<u>7,921</u>	<u>7,331</u>
	<u><u>15,170</u></u>	<u><u>7,985</u></u>	<u><u>7,921</u></u>	<u><u>7,331</u></u>

Amounts due from and due to related parties were unsecured, interest-free and repayable within 30 days, except for the loans to associates and a joint ventures, amounting to RMB3,500,000, RMB13,500,000, RMB14,265,000 and RMB10,807,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, with interest rates ranging from 3% to 3.45%.

The Group expects to settle these amounts due from or due to related parties of non-trade nature prior to the [REDACTED].

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(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	5,149	8,961	12,988	4,980	5,800
Pension scheme contributions	88	166	177	73	55
Equity-settled share-based payment	147	5,141	9,882	3,618	4,088
	<u>5,384</u>	<u>14,268</u>	<u>23,047</u>	<u>8,671</u>	<u>9,943</u>

Further details of directors’ and supervisor’s emoluments are included in note 9 to the Historical Financial Information.

- (e) As disclosed in note 27 to the Historical Financial Information, the Group’s bank loans of RMB40,000,000, RMB19,800,000, nil and nil were guaranteed by the Chairman and the former director of the Company as at 31 December 2023, 2024, and 2025 and 31 May 2026, respectively.
- (f) The Company has not provided any form of guarantees in connection with any potential failure of the controlling shareholders to fulfil their obligations relating to the redemption rights granted by controlling shareholders. Accordingly, considering that the Company is not a party to the agreement, no financial liabilities regarding redemption rights granted by the controlling shareholders were recorded by the Company during the Relevant Periods.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

31 December 2023

Financial assets	Financial investments at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Cash and bank balances	–	326,551	326,551
Financial investments at fair value through profit or loss	2,200	–	2,200
Trade receivables	–	25,785	25,785
Financial assets included in prepayments, other receivables and other assets	–	21,573	21,573
	<u>2,200</u>	<u>373,909</u>	<u>376,109</u>
Financial liabilities			Financial liabilities at amortised cost
			RMB'000
Trade payables			63,354
Interest-bearing bank borrowings			40,025
Financial liabilities included in other payables and accruals			83,307
Lease liabilities			99,676
			<u>286,362</u>

31 December 2024

Financial assets	Financial investments at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Cash and bank balances	–	359,847	359,847
Finance lease receivables	–	2,059	2,059
Financial investments at fair value through profit or loss	33,256	–	33,256
Trade receivables	–	50,124	50,124
Financial assets included in prepayments, other receivables and other assets	–	31,033	31,033
	<u>33,256</u>	<u>443,063</u>	<u>476,319</u>

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Financial liabilities	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	90,762
Interest-bearing bank borrowings	95,340
Financial liabilities included in other payables and accruals	102,084
Lease liabilities	109,227
	<u>397,413</u>

31 December 2025

Financial assets	Financial investments at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	–	1,108,598	1,108,598
Finance lease receivables	–	2,602	2,602
Financial investments at fair value through profit or loss	50,412	–	50,412
Trade receivables	–	66,976	66,976
Financial assets included in prepayments, other receivables and other assets	–	40,595	40,595
	<u>50,412</u>	<u>1,218,771</u>	<u>1,269,183</u>

Financial liabilities	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	130,038
Interest-bearing bank borrowings	160,320
Financial liabilities included in other payables and accruals	117,316
Lease liabilities	102,594
	<u>510,268</u>

31 May 2026

Financial assets	Financial investments at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	–	812,501	812,501
Finance lease receivables	–	2,267	2,267
Financial investments at fair value through profit or loss	474,335	–	474,335
Trade receivables	–	65,141	65,141
Financial assets included in prepayments, other receivables and other assets	–	32,445	32,445
	<u>474,335</u>	<u>912,354</u>	<u>1,386,689</u>

Financial liabilities	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	118,631
Interest-bearing bank borrowings	159,728
Financial liabilities included in other payables and accruals	177,511
Lease liabilities	90,075
	<u>545,945</u>

For details of the Pre-[REDACTED] Investment, please refer to note 30 to the Historical Financial Information .

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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, current portion of financial assets included in prepayments, other receivables and other assets, the current portion of interest-bearing bank borrowings, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance centre is responsible for determining the policies and procedures for the fair value management of financial instruments. The finance centre reports directly to the chief financial officer and the board of directors. At each reporting date, the finance centre analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair value of the non-current portion of Interest-bearing bank borrowings, prepayments, other receivables and other assets has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Its fair value approximates to its carrying amount.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial investments at fair value through profit or loss	–	–	2,200	2,200
	=	=	=	=
As at 31 December 2024				
Financial investments at fair value through profit or loss	–	–	33,256	33,256
	=	=	=	=
As at 31 December 2025				
Financial investments at fair value through profit or loss	–	–	50,412	50,412
	=	=	=	=
As at 31 May 2026				
Financial investments at fair value through profit or loss	–	400,260	74,075	474,335
	=	=	=	=

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers out of Level 3 for financial assets.

For level 3 fair value measurements, the Group normally engages external valuation experts with the recognised professional qualifications and experience to perform the valuations. Below is a summary of the valuation techniques used and the key inputs to the valuation of financial investments at fair value through profit or loss:

As at 31 December 2023	Valuation techniques	Significant unobservable inputs	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Recent transaction price	Recent transaction price	N/A	N/A

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As at 31 December 2024	Valuation techniques	Significant unobservable inputs	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Discounted cash flows	Discount rate	8%	1% increase/decrease in multiple would result in decrease/increase in fair value by RMB228,250/RMB242,990
	Recent transaction price	Recent transaction price	N/A	N/A
As at 31 December 2025	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Average P/E multiple of peers	12.93	1% increase/decrease in multiple would result in increase/decrease in fair value by RMB340,000
	Recent transaction price	Recent transaction price	N/A	N/A
As at 31 May 2026	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Average P/E multiple of peers	13.64	1% increase/decrease in multiple would result in increase/decrease in fair value by RMB522,960
	Market approach	Average P/E multiple of peers	20.75	1% increase/decrease in multiple would result in increase/decrease in fair value by RMB217,790

The movements in fair value measurements within Level 3 during the year/period are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial investments at fair value through profit or loss				
At the beginning of year/period	–	2,200	33,256	50,412
Purchases	2,200	30,890	10,000	–
Total gains recognised in the statement of profit or loss included in other income	–	166	7,156	23,663
At 31 December/31 May	<u>2,200</u>	<u>33,256</u>	<u>50,412</u>	<u>74,075</u>

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise financial investments at fair value through profit or loss, cash and cash equivalents and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The management of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the management of the Company considers that the Group’s exposure to bad debts is not significant.

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Maximum exposure and staging as at 31 December 2023, 2024 and 2025 and 31 May 2026

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at 31 December 2023, 2024 and 2025 and 31 May 2026. The amounts presented are gross carrying amounts for financial assets.

31 December 2023	12-month ECLs	Lifetime ECLs		Total
	Stage 1	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	–	–	25,952	25,952
Financial assets included in prepayments, other receivables and other assets				
– Normal**	21,931	–	–	21,931
– Doubtful**	–	14,645	–	14,645
Cash and bank balances				
– Not yet past due	326,551	–	–	326,551
	<u>348,482</u>	<u>14,645</u>	<u>25,952</u>	<u>389,079</u>
31 December 2024	12-month ECLs	Lifetime ECLs		Total
	Stage 1	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	–	–	50,466	50,466
Finance lease receivables				
– Normal**	2,876	–	–	2,876
Financial assets included in prepayments, other receivables and other assets				
– Normal**	26,711	–	–	26,711
– Doubtful**	–	19,982	–	19,982
Cash and bank balances				
– Not yet past due	359,847	–	–	359,847
	<u>389,434</u>	<u>19,982</u>	<u>50,466</u>	<u>459,882</u>
31 December 2025	12-month ECLs	Lifetime ECLs		Total
	Stage 1	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	–	–	68,339	68,339
Finance lease receivables				
– Normal**	3,300	–	–	3,300
Financial assets included in prepayments, other receivables and other assets				
– Normal**	41,622	–	–	41,622
– Doubtful**	–	14,723	–	14,723
Cash and bank balances				
– Not yet past due	1,108,598	–	–	1,108,598
	<u>1,153,520</u>	<u>14,723</u>	<u>68,339</u>	<u>1,236,582</u>

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31 May 2026	12-month ECLs	Lifetime ECLs		Total
	Stage 1	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	–	–	66,509	66,509
Finance lease receivables				
– Normal**	3,297	–	–	3,297
Financial assets included in prepayments, other receivables and other assets				
– Normal**	35,775	–	–	35,775
– Doubtful**	–	14,723	–	14,723
Cash and bank balances				
– Not yet past due	812,501	–	–	812,501
	<u>851,573</u>	<u>14,723</u>	<u>66,509</u>	<u>932,805</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalent deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Group’s financial liabilities as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the contractual undiscounted payments, is as follows:

31 December 2023	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	63,354	–	–	63,354
Financial liabilities included in other payables and accruals	83,307	–	–	83,307
Lease liabilities	22,037	77,160	12,747	111,944
Interest-bearing bank borrowings	40,703	–	–	40,703
	<u>209,401</u>	<u>77,160</u>	<u>12,747</u>	<u>299,308</u>
31 December 2024	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	90,762	–	–	90,762
Financial liabilities included in other payables and accruals	102,084	–	–	102,084
Lease liabilities	34,778	80,641	3,635	119,054
Interest-bearing bank borrowings	95,859	–	–	95,859
	<u>323,483</u>	<u>80,641</u>	<u>3,635</u>	<u>407,759</u>
31 December 2025	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	130,038	–	–	130,038
Financial liabilities included in other payables and accruals	117,316	–	–	117,316
Lease liabilities	35,109	73,830	544	109,483
Interest-bearing bank borrowings	112,259	19,961	37,534	169,754
	<u>394,722</u>	<u>93,791</u>	<u>38,078</u>	<u>526,591</u>

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31 May 2026	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	118,631	–	–	118,631
Financial liabilities included in other payables and accruals	177,511	–	–	177,511
Lease liabilities	34,921	60,455	334	95,710
Interest-bearing bank borrowings	75,251	34,505	65,017	174,773
	<u>406,314</u>	<u>94,960</u>	<u>65,351</u>	<u>566,625</u>

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 maximise equity holders’ value.

The Group regards paid-in capital, share capital, capital reserve and all other equity reserves as its capital and manages its capital structure and makes adjustments to it 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 adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. 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 Relevant Periods.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 31 December 2023, 2024 and 2025 and 31 May 2026 were as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Total assets	718,351	1,010,520	1,870,541	2,043,474
Total liabilities	462,337	569,483	738,685	739,107
Debt-to-asset ratio	<u>64.36%</u>	<u>56.36%</u>	<u>39.49%</u>	<u>36.17%</u>

39. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after the end of the Relevant Periods that require additional disclosure or adjustments.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 May 2026.