

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial statements included in the Accountants’ Report in Appendix I to this document, together with the respective accompanying notes. Our combined financial information has been prepared in accordance with HKFRSs. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are a commodity trading service provider and trader in China. We source and distribute over 294 physical commodities, spanning ferrous metals and steelmaking raw materials, chemicals, non-ferrous metals and other commodities.

Our revenue increased by 7.3% from RMB252,132.4 million in 2023 to RMB270,629.9 million in 2024, and remained relatively stable at RMB270,479.0 million in 2025. Our revenue remained relatively stable at RMB109,458.8 million in the five months ended May 31, 2025 and RMB110,493.0 million during the same period in 2026. Our net profit increased by 38.6% from RMB1,032.3 million in 2023 to RMB1,431.0 million in 2024, and remained relatively stable at RMB1,434.6 million in 2025. Our net profit increased by 5.7% from RMB524.4 million in the five months ended May 31, 2025 to RMB554.1 million during the same period in 2026.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). All applicable new and revised HKFRSs effective for the accounting period commencing on or before January 1, 2026 have been early adopted by us in the preparation of the Historical Financial Information during the Track Record Period.

The Historical Financial Information has been prepared under the historical cost basis, except for the assets and liabilities measured at fair value, as explained in the accounting policies set out in Note 2 to the Accountants’ Report in Appendix I to this document which conform with HKFRSs.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Macroeconomic Conditions

Our business, financial condition and results of operations have been, and will continue to be, affected by macroeconomic conditions in the markets in which we operate, including (i) macroeconomic, political and regulatory developments in the countries and regions where we operate, (ii) shifts in supply and demand across geographies, commodity types and time periods that may affect commodity prices, and (iii) general market sentiment, geopolitical tensions, natural disasters, public health events and other force majeure factors that may disrupt supply chains and affect market liquidity and pricing.

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Our ability to navigate evolving macroeconomic conditions is important to us. Our long-term trading expertise has enabled us to accumulate market knowledge and insights, supported by our industry research and risk management capabilities. These capabilities allow us to manage risk exposures arising from spot commodity trading, including by using futures contracts in combination with spot commodity trading to mitigate the impact of spot price fluctuations, and to continuously serve our customers’ needs at scale. In addition, many of the spot commodities we trade are subject to price volatility. As a result, price differentials may arise across commodity forms, geographic markets and delivery periods. These differentials may create opportunities for us to enhance profitability through sourcing, transportation and distribution, and our ability to identify and capture such opportunities may affect our results of operations.

We believe that being a globalized commodity trading service provider and trader with leading market positions in multiple commodities enables us, among other things, to maintain a broad and timely understanding of supply-and-demand dynamics, respond quickly to changes in market conditions, and gain insights into trade flows and evolving customer requirements. These strengths support our ability to navigate macroeconomic trends and market cycles and, where appropriate, capture trading opportunities, which in turn support our long-term growth and competitiveness.

Trading Volume

Our total trading volume increased from 2023 to 2025, and remained relatively stable at the five months ended May 31, 2025 and 2026. Our trading volume is primarily driven primarily by market demand for the commodities we trade and our ability to source and distribute the required commodities in a timely and reliable manner to meet that demand.

Market demand for different commodity products may fluctuate due to a range of factors, including the availability of supply in a given market, changes in production capacity, additional supply entering the market, operational disruptions at major suppliers, and production or logistics interruptions caused by natural disasters.

To meet market demand, we have implemented a range of measures. We continue to strengthen relationships with upstream suppliers through investments, collaborations and services. For example, we collaborate with steel producers to enhance supply stability and secure access to resources. Leveraging our industry research capabilities, we also seek to identify shifts in demand and respond promptly by securing suitable supply and meeting customers’ needs. For example, as demand increased for new energy material-related commodities such as lithium carbonate and industrial silicon, we acted quickly to capture these opportunities, secure quality supply and meet customer demand, thereby contributing to the growth of our chemical commodities business. In addition, we differentiate ourselves by providing customers with a broad range of trading approaches and services tailored to their diverse needs.

Leveraging our trading scale and research capabilities, we will continue to enhance our ability to identify market demand, source required commodities and deliver reliable supply, thereby supporting the growth of our trading volume and our results of operations.

Business Expansion

Our ability to expand our business is important to our results of operations. By expanding our commodity portfolio, service offerings and geographic presence, we seek to capture growth opportunities in both the PRC and overseas markets. This diversification also helps us better serve our customers’ evolving needs and mitigate risks associated with reliance on any single market, product or region.

We commenced operations with a focus on ferrous metals and related steelmaking raw materials and have since expanded into additional commodity categories, including chemicals and non-ferrous metals. In the five months ended May 31, 2026, we sourced and distributed over 294

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categories of commodities. Our expansion has been complemented by the development and implementation of multiple trading approaches to enhance service capabilities and capture trading opportunities under different market conditions. By adapting our offerings to market demand, we have strengthened our competitive position and expanded our customer base.

At the same time, we continue to broaden our geographic presence by deepening penetration in existing markets, while also entering new markets in China and overseas. As of the Latest Practicable Date, we had 17 overseas subsidiaries and offices, with business activities spanning over 80 countries and regions worldwide during the Track Record Period.

We believe that this continued expansion not only supports revenue growth, but also enhances our resilience to changes in market conditions and contributes to our long-term, sustainable development.

Commodity Prices

Our results of operations have been and will continue to be affected by our ability to effectively manage our operations amid commodity price volatility. Commodity prices are influenced by many factors, including supply and demand dynamics, speculative activities by market participants, global political and economic conditions, industry cycles, and production activities and costs in major producing countries. In addition, commodity prices can be affected by prevailing contractual terms and hedging activity in the market. Prices of the commodities we trade may vary significantly as actual and expected supply and demand change.

While each commodity is influenced by its own commodity-specific drivers and events affecting pricing, the prices of many commodities we trade also generally move in line with broader macroeconomic trends and relevant market pricing indices, and may exhibit correlations, particularly during market-wide upcycles or downcycles.

We take various initiatives to manage the impact of price volatility and market cycles on our operations. For example, we use futures contracts, together with spot commodity trading, to mitigate spot price fluctuations. We also seek to capture trading opportunities arising from price volatility and price discrepancies. In addition, as we continue to expand our business, we have reduced our reliance on any single commodity or market. We believe these measures have supported our performance during the Track Record Period, as reflected in our revenue and profitability, and will continue to support our growth and long-term profitability.

Basis Trading

During the Track Record Period, we conducted the majority of our spot commodity trading with derivative instruments, primarily futures contracts, thereby forming basis trading. In a typical basis trading transaction, we trade in both the spot and futures markets. We enter into spot contracts to purchase or sell specified types and quantities of commodities and simultaneously establish an offsetting futures position in the same or a related commodity. See “Business — Our Business — Trading Strategies — Customer-driven Basis Trading” and “Business — Our Business — Trading Strategies — Profit-driven Basis Trading” for details of our basis trading.

While revenue and cost of sales are important in understanding the scale of our trading, they primarily reflect the spot leg of basis trading. To assess our results of operations more holistically, it is also important to consider the related gains and losses from futures contracts, which are reflected in other income and gains and other expenses. Basis trading may affect the following line items in our consolidated statements of profit or loss:

- **Revenue.** Our revenue is affected by movements in prevailing spot prices because the pricing of our spot commodity trading is generally referenced to prevailing spot prices.

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- Cost of sales. Our cost of sales primarily consists of the costs of procuring commodities, which generally fluctuate in line with prevailing spot prices for those commodities.
- Other income and gains, and other expenses. Gains and losses arising from futures contracts are reflected in (i) other income and gains, including (a) net gains from derivative financial instruments not designated for hedging and (b) net gains on fair value hedges of commodity firm commitments and inventories, and (ii) other expenses, namely net losses on fair value hedges of commodity firm commitments and inventories.

As a result, we also use spot-and-futures gross profit margin as a supplemental operating metric to assess our results of operations, which is consistent with market practice, according to Frost & Sullivan. The following table sets forth our spot-and-futures gross profit margins during the Track Record Period:

				Year Ended December 31,			Five Months Ended May 31,	
				2023	2024	2025	2026	
Revenue from commodity trading (RMB'000)				A	250,481,984	269,788,789	269,823,448	110,242,474
Cost of commodity trading (RMB'000) . . .				B	248,660,231	268,036,780	268,242,601	108,165,239
Net gains from futures contracts (RMB'000) ⁽¹⁾				C	1,315,136	1,956,836	2,384,194	(514,454)
Spot-and-futures gross profit (RMB'000) . .				D=A-B+C	3,136,888	3,708,844	3,965,041	1,562,781
Spot-and-futures gross profit margin (%) . .				E=D/A	1.3	1.4	1.5	1.4

Note:

- (1) Net gains from futures contracts are calculated as the aggregate of the net gains or losses mainly attributable to futures contracts recognized under (i) net gains from derivative financial instruments not designated for hedge accounting, (ii) net gains on fair value hedge of commodity firm commitments and inventories, and (iii) net loss on fair value hedge of commodity firm commitments and inventories.

As we further scale our business, we expect basis trading to continue to support our revenue, profitability and long-term growth prospects.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

We set forth below material accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 of the Accountants' Report set out in Appendix I to this document.

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Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

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

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on customers’ acceptance of the products upon delivery.

We have certain sales where the contract terms for our certain products sales allow for a price adjustment based on a final assay of the goods determined after discharge. We assess such pricing to be a variable consideration and recognize revenue at a most likely amount. We determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of products with price adjustment, given that supplier is capable of providing the weight and inspection results at the port of loading. This amount is based on the most recently determined estimate of product assays. We apply judgment regarding the likelihood of significant reversals to ensure that revenue is only recognized to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognized as revenue.

For certain commodities, the sales price is determined on a provisional basis at the date of sales as the final selling price is subjected to movements in benchmark marketing prices up to the date of final pricing, normally ranging from 30 days to 90 days after initial booking (provisionally price sales). Revenue on provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sale arrangements has the character of a commodity derivative. Accordingly, the fair value of final sales adjustment is re-estimated continuously and change in fair value are presented as an adjustment to revenue.

Rendering of services

The services rendered include supply chain and consulting services, etc. Should any of the following conditions be satisfied, the services provided by us are performance obligations fulfilled within a certain period of time. We recognize revenue within a period of time in accordance with the progress of contract performance. The conditions are: (i) the customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (ii) the customer is able to control the products under construction during our performance; and (iii) our products have no alternative uses, and we have the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, we recognize revenue at the point the customer obtains control of the relevant services.

Revenue from Other Sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

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REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Revenue	252,132,435	100.0	270,629,944	100.0	270,479,007	100.0	109,458,806	100.0	110,492,986	100.0
Cost of sales . . .	(249,948,109)	(99.1)	(268,730,800)	(99.3)	(268,757,519)	(99.4)	(109,350,725)	(99.9)	(108,365,303)	(98.1)
Gross profit . .	2,184,326	0.9	1,899,144	0.7	1,721,488	0.6	108,081	0.1	2,127,683	1.9
Other income and gains	1,687,132	0.7	2,512,687	0.9	3,039,757	1.1	2,213,961	2.0	473,329	0.4
Selling and distribution costs	(957,052)	(0.4)	(1,015,383)	(0.4)	(763,567)	(0.3)	(264,369)	(0.2)	(250,029)	(0.2)
Administrative expenses . . .	(663,004)	(0.3)	(662,810)	(0.2)	(723,990)	(0.3)	(298,687)	(0.3)	(325,780)	(0.3)
Other expenses . .	(41,078)	(0.0)	(341,777)	(0.1)	(611,087)	(0.2)	(812,257)	(0.7)	(932,394)	(0.8)
Finance costs . .	(934,933)	(0.4)	(937,486)	(0.3)	(753,638)	(0.3)	(333,460)	(0.3)	(351,155)	(0.3)
Impairment losses under expected credit loss model, net of reversal . .	71,255	0.0	143,168	0.1	(159,671)	(0.1)	4,193	0.0	(54,396)	(0.0)
Share of profits of associates . .	80,337	0.0	64,440	0.0	52,814	0.0	18,462	0.0	46,334	0.0
Profit before tax	1,426,983	0.6	1,661,983	0.6	1,802,106	0.7	635,924	0.6	733,592	0.7
Income tax	(394,660)	(0.2)	(230,965)	(0.1)	(367,535)	(0.1)	(111,535)	(0.1)	(179,482)	(0.2)
Profit for the year/period . .	1,032,323	0.4	1,431,018	0.5	1,434,571	0.6	524,389	0.5	554,110	0.5

Revenue

Revenue by Business Segments

During the Track Record Period, we generated substantially all of our revenue from commodity trading. The following table sets forth a breakdown of our total revenue by business segment, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Commodity trading	250,481,984	99.3	269,788,789	99.7	269,823,448	99.8	109,228,164	99.8	110,242,474	99.8
Others ⁽¹⁾	1,650,451	0.7	841,155	0.3	655,559	0.2	230,642	0.2	250,512	0.2
Total	252,132,435	100.0	270,629,944	100.0	270,479,007	100.0	109,458,806	100.0	110,492,986	100.0

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Note:

- (1) Others primarily include revenue from supply chain services and leasing services and, to a lesser extent, revenue from other businesses, such as consulting services.

Revenue by Geographical Locations

During the Track Record Period, we primarily generated revenue from Chinese Mainland. The following table sets forth a breakdown of our revenue by geographic locations, in absolute amounts and as percentages of our revenue, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Chinese										
Mainland	207,704,586	82.4	238,766,715	88.2	226,624,519	83.8	93,406,679	85.3	94,248,472	85.3
Other										
countries/regions										
– Southeast										
Asia ⁽¹⁾	13,317,692	5.3	9,280,145	3.4	15,920,336	5.9	6,244,936	5.7	5,337,205	4.8
– East Asia ⁽²⁾ . .	12,189,957	4.8	9,884,095	3.7	8,963,471	3.3	3,650,777	3.3	3,206,577	2.9
– West Asia ⁽³⁾ . .	8,909,279	3.5	5,606,983	2.1	9,376,144	3.5	2,938,536	2.7	4,580,847	4.1
– Others ⁽⁴⁾	10,010,921	4.0	7,092,006	2.6	9,594,537	3.5	3,217,878	3.0	3,119,885	2.9
Subtotal	44,427,849	17.6	31,863,229	11.8	43,854,488	16.2	16,052,127	14.7	16,244,514	14.7
Total	252,132,435	100.0	270,629,944	100.0	270,479,007	100.0	109,458,806	100.0	110,492,986	100.0

Notes:

- (1) Southeast Asia primarily include Singapore, Vietnam, Thailand, the Philippines and Malaysia.
(2) East Asia primarily include Hong Kong, Taiwan, Japan and South Korea.
(3) West Asia primarily include Turkey, Saudi Arabia, Pakistan and Jordan.
(4) Others primarily include Switzerland, Brazil, the United States and India.

Revenue of Commodity Trading by Commodity Types

The following table sets forth a breakdown of our revenue from commodity trading by commodity type, in absolute amounts and as percentages of our total revenue from commodity trading, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Ferrous metals										
and steelmaking										
raw materials										
– Steel	98,989,966	39.5	91,003,590	33.7	104,098,850	38.6	43,807,055	40.1	42,271,161	38.4
– Iron ore	31,195,313	12.5	28,399,804	10.5	35,276,025	13.1	12,445,614	11.4	16,586,325	15.0
– Other raw										
materials	1,995,919	0.8	4,327,308	1.7	8,452,963	3.1	3,397,728	3.1	5,673,155	5.1
Subtotal	132,181,198	52.8	123,730,702	45.9	147,827,838	54.8	59,650,397	54.6	64,530,641	58.5

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	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Chemicals										
– Polyester . . .	17,299,495	6.9	29,336,453	10.9	30,040,218	11.1	11,127,454	10.2	10,204,950	9.3
– Aromatics . . .	26,151,061	10.4	39,689,486	14.7	28,383,218	10.5	13,312,936	12.2	12,038,309	10.9
– Rubber	7,198,506	2.9	12,193,850	4.5	11,744,676	4.4	5,481,295	5.0	3,668,497	3.3
– Other chemical products	22,883,156	9.2	29,421,834	10.9	31,144,203	11.5	12,320,276	11.3	13,623,181	12.4
Subtotal	73,532,218	29.4	110,641,623	41.0	101,312,315	37.5	42,241,961	38.7	39,534,937	35.9
Non-ferrous metals	37,238,412	14.9	30,724,508	11.4	15,648,842	5.8	5,575,175	5.1	4,374,297	4.0
Other commodities⁽¹⁾ .	7,530,156	2.9	4,691,956	1.7	5,034,453	1.9	1,760,631	1.6	1,802,599	1.6
Total	250,481,984	100.0	269,788,789	100.0	269,823,448	100.0	109,228,164	100.0	110,242,474	100.0

Note:

- (1) Other commodities primarily include agricultural products such as sugar and cotton.

The following table sets forth trading volume and average trading price of commodity trading by commodity type for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price
	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton
Ferrous metals and steelmaking raw materials										
– Steel	30,920	3,201	36,530	2,491	39,939	2,606	16,484	2,658	14,281	2,960
– Iron ore	46,467	671	45,858	619	63,212	558	22,824	545	26,516	626
– Other raw materials	854	2,337	3,591	1,205	7,460	1,133	2,937	1,157	4,113	1,379
Subtotal/Overall . .	78,241	1,689	85,979	1,439	110,611	1,336	42,245	1,412	44,910	1,437
Chemicals										
– Polyester	3,830	4,517	6,568	4,467	9,379	3,203	3,725	2,987	2,286	4,464
– Aromatics	3,679	7,108	5,119	7,753	4,590	6,184	1,996	6,670	1,737	6,931
– Rubber	771	9,337	955	12,768	971	12,095	412	13,304	281	13,055
– Other chemical products	6,127	3,735	9,192	3,201	9,603	3,243	3,888	3,169	3,058	4,455
Subtotal/Overall . .	14,407	5,104	21,834	5,067	24,543	4,128	10,021	4,215	7,362	5,370
Non-ferrous metals .	863	43,173	1,087	28,274	680	23,003	218	25,574	214	20,441
Other commodities⁽¹⁾ . . .	2,830	2,661	2,793	1,679	5,824	865	1,530	1,151	1,527	1,180
Total/Overall	96,341	2,600	111,693	2,415	141,658	1,905	54,014	2,022	54,013	2,041

Note:

- (1) Other commodities primarily include agricultural products such as sugar and cotton.

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Our average trading price of commodities decreased from RMB2,600 per ton in 2023 to RMB2,415 per ton in 2024, and further decreased to RMB1,905 per ton in 2025, primarily due to the decline in the average spot prices of ferrous metals and steelmaking raw materials and chemicals, which was in line with the market price indices. Our average trading price of commodities increased from RMB2,022 per ton in the five months ended May 31, 2025 to RMB2,041 per ton in the five months ended May 31, 2026, primarily due to the upward spot price trend of certain ferrous metals and steelmaking raw materials and chemicals, such as steel, iron ore and coal and coke.

The following table sets forth a breakdown of trading volume and average trading price of commodity by geographic locations for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price	Trading volume	Average trading price
	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton	Ton'000	RMB/ton
Chinese Mainland . .	82,152	2,508	97,556	2,439	119,453	1,892	45,905	2,035	48,024	1,963
Overseas										
– Southeast Asia ⁽¹⁾ .	4,030	3,304	5,613	1,648	8,903	1,781	2,703	2,310	1,819	2,934
– East Asia ⁽²⁾ . . .	4,495	2,712	2,951	3,349	7,137	1,256	3,181	1,148	1,933	1,659
– West Asia ⁽³⁾ . . .	2,086	4,271	1,936	2,896	2,504	3,742	1,127	2,607	1,266	3,618
– Others ⁽⁴⁾	3,578	2,797	3,637	1,950	3,661	2,620	1,098	2,931	971	3,213
Subtotal/Overall . . .	14,189	3,131	14,137	2,252	22,205	1,972	8,109	1,980	5,989	2,712
Total/Overall	96,341	2,600	111,693	2,415	141,658	1,905	54,014	2,026	54,013	2,046

Notes:

- (1) Southeast Asia primarily include Singapore, Vietnam, Thailand, the Philippines and Malaysia.
- (2) East Asia primarily include Hong Kong, Taiwan, Japan and South Korea.
- (3) West Asia primarily include Turkey, Saudi Arabia, Pakistan and Jordan.
- (4) Others primarily include Switzerland, Brazil, the United States and India.

Comparison between the five months ended May 31, 2026 and 2025. Our revenue remained relatively stable at RMB109,458.8 million in five months ended May 31, 2025 and RMB110,493.0 million during the same period in 2026. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our revenue from ferrous metals and steelmaking raw materials increased by 8.2% from RMB59,650.4 million in the five months ended May 31, 2025 to RMB64,530.6 million during the same period in 2026, primarily due to an increase in both trading volume and average trading prices of certain ferrous metals and steelmaking raw materials such as iron ore and coal and coke.
- *Chemicals.* Our revenue from chemicals decreased by 6.4% from RMB42,242.0 million in the five months ended May 31, 2025 to RMB39,534.9 million during the same period in 2026, primarily due to the decrease in trading volume resulting from the decline in market demand as a result of higher price of crude oil, partially offset by the increase in average trading price in line with the market price indices.

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- *Non-ferrous metals.* Our revenue from non-ferrous metals decreased by 21.5% from RMB5,575.2 million in the five months ended May 31, 2025 to RMB4,374.3 million during the same period in 2026, primarily due to a decrease in both trading volume and average trading prices of certain non-ferrous metals, reflecting changes in the types of non-ferrous metals traded. In particular, the proportion of the trading volume of certain non-ferrous metals with higher trading prices, such as copper, decreased, while that of aluminum and zinc with lower trading prices, increased.

Comparison between 2025 and 2024. Our revenue remained relatively stable at RMB270,629.9 million in 2024 and RMB270,479.0 million in 2025. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our revenue from ferrous metals and steelmaking raw materials increased by 19.5% from RMB123,730.7 million in 2024 to RMB147,827.8 million in 2025, primarily due to (i) an increase in trading volume of steel by 9.3% resulting from our expansion of commodity portfolio to include specialty steel products to meet the market demand, and (ii) an increase in the trading volume of iron ore by 37.8%, and coal and coke by 107.6%.
- *Chemicals.* Our revenue from chemicals decreased by 8.4% from RMB110,641.6 million in 2024 to RMB101,312.3 million in 2025, primarily due to the decrease in average trading price by 18.5% in line with the market price indices, partially offset by the increase in trading volume by 12.4% resulting from our expansion of commodity portfolio to include new energy related-materials to meet the market demand.
- *Non-ferrous metals.* Our revenue from non-ferrous metals decreased by 49.1% from RMB30,724.5 million in 2024 to RMB15,648.8 million in 2025, primarily due to (i) the decrease in trading volume by 37.4%, driven by the optimization of our customer base and streamlining of our sales team, and (ii) a decrease in the average trading price resulting from changes in the types of non-ferrous metals traded, as commodities with relatively lower trading prices accounted for a higher proportion of our trading volume. For example, the proportion of ferronickel in our non-ferrous metals trading volume increased from 0.4% in 2024 to 13.1% in 2025.

Comparison between 2024 and 2023. Our revenue increased by 7.3% from RMB 252,132.4 million in 2023 to RMB270,629.9 million in 2024. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our revenue from ferrous metals and steelmaking raw materials decreased by 6.4% from RMB132,181.2 million in 2023 to RMB123,730.7 million in 2024, primarily due to the decrease in average trading price by 14.8%, which was in line with the fluctuations of market price indices, partially offset by the increase in trading volume by 9.9% resulting from our expansion of commodity portfolio to include specialty steel products to meet the market demand.
- *Chemicals.* Our revenue from chemicals increased by 50.5% from RMB73,532.2 million in 2023 to RMB110,641.6 million in 2024, primarily due to (i) the increase in trading volume by 51.6% resulting from our enhanced customer development and market penetration, which was in line with our business expansion, and (ii) an increase in average trading price of rubber by 36.7%.
- *Non-ferrous metals.* Our revenue from non-ferrous metals decreased by 17.5% from RMB37,238.4 million in 2023 to RMB30,724.5 million in 2024, primarily due to the decrease in average trading price by 34.5% resulting from changes in the types of non-ferrous metals traded, as commodities with relatively higher trading prices accounted for a lower proportion of our trading volume. For example, the proportion of copper in our non-ferrous metals trading volume decreased from 64% in 2023 to 48% in 2024, while the combined proportion of aluminum and zinc, which had relatively lower average trading prices, increased from 35% in 2023 to 50% in 2024.

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Cost of Sales

Cost of Sales by Nature

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Procurement of										
commodities . . .	247,314,301	98.9	266,050,496	99.0	266,269,324	99.1	108,377,930	99.1	107,352,319	99.1
Others ⁽¹⁾	2,633,808	1.1	2,680,304	1.0	2,488,195	0.9	972,795	0.9	1,012,984	0.9
Total	249,948,109	100.0	268,730,800	100.0	268,757,519	100.0	109,350,725	100.0	108,365,303	100.0

Note:

(1) Others primarily include logistics expenses.

Cost of Sales by Business Segments

The following table sets forth a breakdown of our cost of sales by business segments, in absolute and as a percentage of our total cost of sales, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Commodity										
trading	248,660,231	99.5	268,036,780	99.7	268,242,601	99.8	109,154,661	99.8	108,165,239	99.8
Others ⁽¹⁾	1,287,878	0.5	694,020	0.3	514,918	0.2	196,064	0.2	200,064	0.2
Total	249,948,109	100.0	268,730,800	100.0	268,757,519	100.0	109,350,725	100.0	108,365,303	100.0

Note:

(1) Others primarily include expenses of logistics and leasing services.

Our cost of sales increased by 7.5% from RMB249,948.1 million in 2023 to RMB268,730.8 million in 2024, and remained relatively stable in 2024 and 2025. Such increase in 2024 was primarily due to the increase in procurement of commodities to support our business expansion. Our cost of sales remained relatively stable at RMB109,350.7 million in the five months ended May 31, 2025 and RMB108,365.3 million during the same period in 2026.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

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The following table sets forth a breakdown of our gross profit and gross profit margin by business segments and commodity types for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<i>(Unaudited)</i>										
Commodity trading										
Ferrous metals and steelmaking raw materials										
– Steel	1,223,060	1.2	829,005	0.9	1,060,234	1.0	547,812	1.3	397,331	0.9
– Iron ore	681,383	2.2	66,716	0.2	716,249	2.0	60,574	0.5	(50,856)	(0.3)
– Other raw materials	(134,126)	(6.7)	(367,027)	(8.5)	31,359	0.4	(286,429)	(8.4)	546,846	9.6
Subtotal/Overall . . .	1,770,317	1.3	528,694	0.4	1,807,842	1.2	321,957	0.5	893,321	1.4
Chemicals										
– Polyester	(43,034)	(0.2)	89,728	0.3	160,001	0.5	230,659	2.1	127,101	1.2
– Aromatics	110,005	0.4	391,964	1.0	140,693	0.5	130,420	1.0	(96,784)	(0.8)
– Rubber	(26,939)	(0.4)	534,449	4.4	(371,901)	(3.2)	(125,925)	(2.3)	254,516	6.9
– Other chemical products	(211,019)	(0.9)	17,809	0.1	(338,964)	(1.1)	(405,200)	(3.3)	838,590	6.2
Subtotal/Overall . . .	(170,987)	(0.2)	1,033,950	0.9	(410,171)	(0.4)	(170,046)	(0.4)	1,123,423	2.8
Non-ferrous metals . .	126,796	0.3	221,565	0.7	145,079	0.9	(75,154)	(1.3)	110,691	2.5
Other commodities ⁽¹⁾ .	95,626	1.3	(32,200)	(0.7)	38,098	0.8	(3,254)	(0.2)	(50,200)	(2.8)
Subtotal/Overall	1,821,752	0.7	1,752,009	0.6	1,580,848	0.6	73,503	0.1	2,077,235	1.9
Others⁽²⁾	362,574	22.0	147,135	17.5	140,640	21.5	34,578	15.0	50,448	20.1
Total/Overall	2,184,326	0.9	1,899,144	0.7	1,721,488	0.6	108,081	0.1	2,127,683	1.9

Notes:

- (1) Other commodities primarily include agricultural products such as sugar and cotton.
- (2) Others primarily include gross profit from logistics and leasing services.

Comparison between the five months ended May 31, 2026 and 2025. Our overall gross profit margin increased from 0.1% for the five months ended May 31, 2025 to 1.9% for the five months ended May 31, 2026. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our gross profit margin from ferrous metals and steelmaking raw materials increased from 0.5% for the five months ended May 31, 2025 to 1.4% for the five months ended May 31, 2026, primarily due to the increase in the trading prices of spot commodities such as spodumene and coal and coke, which was in line with the fluctuations of market price indices.
- *Chemicals.* Our gross loss margin from chemicals of 0.4% for the five months ended May 31, 2025 improved to gross profit margin of 2.8% for the five months ended May 31, 2026, primarily due to the increase in trading prices of spot commodities such as lithium carbonate, which was in line with the fluctuations of market price indices.

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- *Non-ferrous metals.* Our gross loss margin from non-ferrous metals of 1.3% for the five months ended May 31, 2025 improved to gross profit margin of 2.5% for the five months ended May 31, 2026, primarily due to the increase in the trading prices of spot commodities such as copper and aluminum. Despite such increase in prices, our average trading price of non-ferrous metals decreased, primarily due to changes in the types of non-ferrous metals traded, as the trading volume of certain non-ferrous metals with higher trading prices, such as copper, decreased, while the trading volume of aluminum and zinc with lower trading prices, increased.

Comparison between 2025 and 2024. Our overall gross profit margin remained relatively stable at 0.7% in 2024 and 0.6% in 2025. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our gross profit margin from ferrous metals and steelmaking raw materials increased from 0.4% in 2024 to 1.2% in 2025, primarily due to (i) an increase in trading volume of steel with a relatively higher gross profit margin, (ii) the improvement in the gross profit margin of iron ore as a result of our optimized business strategy, and (iii) an increase in the trading prices of other raw materials such as spodumene.
- *Chemicals.* Our gross profit margin from chemicals of 0.9% in 2024 decreased to gross loss margin of 0.4% in 2025, primarily due to the decline in trading prices of our aromatic products such as styrene and benzene, as well as rubber products.
- *Non-ferrous metals.* Our gross profit margin from non-ferrous metals increased from 0.7% in 2024 to 0.9% in 2025, primarily due to the increase in the trading prices of spot commodities such as copper and aluminum. Despite such increase in prices, our average trading price of non-ferrous metals decreased, primarily due to changes in the types of non-ferrous metals traded, as the trading volume of copper decreased, while the trading volume of aluminum and zinc increased.

Comparison between 2024 and 2023. Our overall gross profit margin remained relatively stable at 0.9% in 2023 and 0.7% in 2024. Specifically:

- *Ferrous metals and steelmaking raw materials.* Our gross profit margin from ferrous metals and steelmaking raw materials decreased from 1.3% in 2023 to 0.4% in 2024, primarily due to the decline in the trading prices of spot commodities such as iron ore, and coal and coke, which was in line with the fluctuations of market price indices.
- *Chemicals.* Our gross loss margin from chemicals of 0.2% in 2023 improved to gross profit margin of 0.9% in 2024, primarily due to an overall upward shift in the trading prices of chemicals. Despite such increase in prices, our average trading price of chemicals decreased due to changes in commodity types. In particular, the trading volume of certain chemicals with higher trading prices decreased, while that of chemicals with lower trading prices, such as purified terephthalic acid (“PTA”) and ethylene glycol, increased.
- *Non-ferrous metals.* Our gross profit margin from non-ferrous metals increased from 0.3% in 2023 to 0.7% in 2024, primarily due to the increase in the trading prices of spot commodities such as copper and aluminum. Despite such increase in prices, our average trading price of non-ferrous metals decreased, primarily due to changes in the types of non-ferrous metals traded.

During the Track Record Period, we conducted most of our commodity trading using a basis trading strategy, which combines spot commodity trading with related derivative financial instruments, primarily futures contracts. Under the applicable accounting standards in accordance with HKFRSs, the results of spot commodity trading are recognized in revenue and cost of sales, while the results of derivative financial instruments are recognized separately under other income

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and gains or other expenses. Therefore, a substantial portion of the economic returns generated from our basis trading is reflected in the gains from derivative financial instruments rather than gross profit, and such gains form an integral part of our trading strategy in the ordinary course of our basis trading activities.

As a result, our gross profit and gross profit margin, which are derived solely from our spot commodity transactions, do not fully reflect our overall financial performance or trading strategies, and we believe that net profit provides a more comprehensive measure of our overall profitability. In addition, to provide a more meaningful illustration of our performance, we also assess our performance using the spot-and-futures gross profit margin, which takes into account the combined results of spot commodity trading and related derivative financial instruments. This operating metric is commonly adopted in the commodity trading industry, and the calculation methodology of this operating metric is consistent with industry practice, according to Frost & Sullivan.

Going forward, we intend to manage our long-term profitability primarily by (i) achieving continuous revenue growth and (ii) improving cost efficiency. We aim to achieve continuous revenue growth while capturing trading opportunities by (i) capturing favorable market opportunities, where we increase trading volume and inventory levels when price differences between spot and futures markets are favorable to generate additional returns; (ii) expanding into new product categories by actively identifying and entering emerging commodity types, such as those driven by new energy and evolving industry trends; (iii) leveraging industry cycles by increasing inventory in commodities at relatively low price levels within their cycles and expanding trading volume as market conditions improve; (iv) strengthening customer relationships and monetization by deepening cooperation with high-quality customers and exploring more integrated collaboration models, including joint ventures and value chain partnerships, to capture additional value beyond traditional trading margins; and (v) enhancing products and service capabilities, such as establishing localized operating presence in overseas markets and expanding our global logistics and warehousing network to better respond to local demand and reduce cross-border operating costs.

To improve cost efficiency, we intend to strengthen our upstream sourcing capabilities to secure stable access to high-quality commodity resources and optimize procurement costs. As our business grows and our market recognition improves, we expect to benefit from economies of scale and enhanced bargaining power with suppliers and customers.

In addition, we expect our selling and distribution costs as a percentage of total revenue to decrease over time. This is primarily because (i) major expense components, such as employee compensation, generally do not increase proportionally with our revenue growth, (ii) our accumulated industry experience and proven track record in serving customer, particularly industry-leading customers, enhance our market recognition and facilitate customer acquisition, (iii) our established brand reputation and broad customer base drive word-of-mouth referrals and organic growth, thereby reducing reliance on excessive marketing and promotional activities, and (iv) we continue to enhance our organizational structure and management systems, including clarifying roles and responsibilities and optimizing incentive and accountability mechanisms, which improve operational efficiency, reduce organizational redundancies and support effective cost control.

Other Income and Gains

Our other income and gains primarily consist of (i) net gains from derivative financial instruments not designated for hedge accounting, primarily representing net gains from futures contracts that are not designated as hedging instruments, including (a) gains realized upon settlement of such futures contracts and (b) changes in their fair value during the period, (ii) interest income, primarily relating to bank deposit interest, and (iii) net gains on fair value hedge of commodity firm commitments and inventories, primarily representing net gains under hedge accounting primarily attributable to changes in basis levels.

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The following table sets forth a breakdown of our other income and gains, both in absolute amounts and as percentages of our total other net income, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Other income										
Interest income	368,536	21.8	280,970	11.2	205,759	6.8	97,609	4.4	55,992	11.8
Government grants	79,584	4.7	84,736	3.4	181,584	6.0	49,761	2.2	10,495	2.2
Investment income from disposal of financial assets measured at fair value through profit or loss	34,471	2.0	77,095	3.1	182,228	6.0	15,376	0.7	156,990	33.2
Compensation income ⁽¹⁾	155,595	9.2	64,281	2.6	75,095	2.5	26,669	1.2	3,925	0.8
Dividends from unlisted equity investments measured at fair value through profit or loss	1,826	0.1	3,555	0.1	2,382	0.1	417	0.0	11,514	2.4
Dividends from financial assets measured at fair value through profit or loss	9,010	0.5	648	0.0	6,553	0.2	142	0.0	–	–
Investment income from disposal of unlisted equity investments designated at fair value through profit or loss	–	–	–	–	14,683	0.5	–	–	–	–
Others	32,007	1.9	17,625	0.7	6,826	0.2	4,199	0.2	4,520	1.0
Total other income	681,029	40.4	528,910	21.0	675,110	22.2	194,173	8.8	243,436	51.4
Gains										
Net gains on fair value hedge of commodity firm commitments and inventories	–	–	–	–	261,814	8.6	–	–	218,868	46.2
Net gains from derivative financial instruments not designated for hedge accounting	889,899	52.7	1,962,774	78.1	2,079,003	68.4	2,000,864	90.4	–	–
– (Loss)/Gain realized upon settlement of futures contracts	(447,580)	(26.6)	2,343,317	93.2	839,500	27.6	1,989,056	89.9	–	–
– Changes in fair value	1,337,479	79.3	(380,543)	(15.1)	1,239,503	40.8	11,808	0.5	–	–
Net gains from changes in fair value of financial assets measured at fair value through profit or loss	21,315	1.3	8,218	0.3	18,906	0.6	14,445	0.7	–	–
Net gains from changes in fair value of unlisted equity investments measured at fair value through profit or loss	39,894	2.4	6,973	0.3	4,924	0.2	4,479	0.2	–	–
Gain on disposal of property, plant and equipment and intangible assets . . .	1,713	0.1	2,614	0.1	–	–	–	–	731	0.2
Foreign exchange gains, net	43,976	2.6	3,198	0.1	–	–	–	–	–	–
Net gains from standard warehouse receipt trading	9,306	0.6	–	–	–	–	–	–	10,294	2.2
Total gains	1,006,103	59.6	1,983,777	79.0	2,364,647	77.8	2,019,788	91.2	229,893	48.6
Total other income and gains	1,687,132	100.0	2,512,687	100.0	3,039,757	100.0	2,213,961	100.0	473,329	100.0

Note:

(1) Primarily consisted of fees from customers for breach of contracts.

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Comparison between the five months ended May 31, 2026 and 2025. Our other income and gains decreased by 78.6% from RMB2,214.0 million in the five months ended May 31, 2025 to RMB473.3 million during the same period in 2026, primarily due to a decrease in net gains from derivative financial instruments not designated for hedge accounting of RMB2,000.9 million, which was primarily attributable to commodity price fluctuations affecting the fair value movements of our derivative financial instruments, particularly those relating to chemicals. Such decrease was offset by an increase in gross profit from the corresponding spot commodity trading, resulting in relatively stable overall profitability from our integrated spot and derivatives trading activities.

Comparison between 2025 and 2024. Our other income and gains increased by 21.0% from RMB2,512.7 million in 2024 to RMB3,039.8 million in 2025, primarily driven by (i) the increase in net gains from derivative financial instruments not designated for hedge accounting of RMB116.2 million related to realized and unrealized gains from futures contracts arising from basis trading, and (ii) the increase in net gains on fair value hedge of commodity firm commitments and inventories of RMB261.8 million, primarily related to unfavorable changes in basis levels, as futures prices changed at a lower pace than spot prices, and (iii) the increase in investment income from disposal of financial assets measured at fair value through profit or loss of RMB105.1 million, partially offset by the decrease in interest income of RMB75.2 million due to the decrease in interest rates.

Comparison between 2024 and 2023. Our other income and gains increased by 48.9% from RMB1,687.1 million in 2023 to RMB2,512.7 million in 2024, primarily driven by the increase in net gains from derivative financial instruments not designated for hedge accounting of RMB1,072.9 million related to realized and unrealized gains from futures contracts arising from basis trading, partially offset by (i) the decrease in compensation income of RMB91.3 million due to the decrease in customer defaults, and (ii) the decrease in interest income of RMB87.6 million due to the decrease in interest rates.

The trading of standard warehouse receipts for the purpose of generating profits from short-term price fluctuations formed part of the spot component of our profit-driven basis trading. In 2023 and the five months ended May 31, 2026, we recorded net gains from standard warehouse receipt trading of RMB9.3 million and RMB10.3 million, respectively, representing 0.6% and 2.2% of our total other income and gains in the same periods.

Selling and Distribution Costs

Our selling and distribution costs primarily consist of (i) employee compensation, representing salaries, welfare and bonuses for our sales personnel, (ii) commissions, representing fees paid to external intermediaries for business referrals and transaction facilitation, (iii) consulting service expenses, representing brokerage fees paid to inter-dealer brokers in connection with our futures trading activities, (iv) rental and utilities expenses (v) travel and transportation expenses, and (vi) depreciation and amortization.

The following table sets forth a breakdown of our selling and distribution costs, both in absolute amounts and as percentages of our total selling and distribution costs, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee compensation	795,028	83.1	811,286	79.9	522,847	68.5	174,177	65.9	173,558	69.4
Commissions	37,707	3.9	41,251	4.1	74,318	9.7	37,754	14.3	21,451	8.6
Consulting service expenses	40,750	4.3	58,469	5.7	44,884	5.9	6,574	2.5	13,413	5.4
Rental and utilities expenses	11,694	1.2	20,989	2.1	26,417	3.5	10,945	4.1	13,184	5.3
Travel and transportation expenses . .	20,879	2.2	22,027	2.2	26,874	3.5	8,037	3.0	8,941	3.6
Depreciation and amortization	18,061	1.9	18,696	1.8	17,164	2.2	6,382	2.4	5,577	2.2
Others ⁽¹⁾	32,933	3.4	42,665	4.2	51,063	6.7	20,500	7.8	13,905	5.5
Total	957,052	100.0	1,015,383	100.0	763,567	100.0	264,369	100.0	250,029	100.0

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Note:

- (1) Others primarily include business development expenses, insurance expenses, and office expenses.

Comparison between the five months ended May 31, 2026 and 2025. Our selling and distribution costs decreased by 5.4% from RMB264.4 million in the five months ended May 31, 2025 to RMB250.0 million during the same period in 2026, primarily due to a decrease in commissions of RMB16.3 million reflecting reduced fees paid to external intermediaries for business referrals and transaction facilitation, which was in line with our reduced sales of steel to overseas markets.

Comparison between 2025 and 2024. Our selling and distribution costs decreased by 24.8% from RMB1,015.4 million in 2024 to RMB763.6 million in 2025, primarily due to the decrease in employee compensation of RMB288.4 million as a result of the streamlining of our sales team, partially offset by the increase in commissions of RMB33.1 million in connection with business referral for transactions facilitated by external intermediaries, which was in line with our business expansion in overseas market.

Comparison between 2024 and 2023. Our selling and distribution costs increased by 6.1% from RMB957.1 million in 2023 to RMB1,015.4 million in 2024, primarily due to (i) the increase in consulting service expenses of RMB17.7 million, attributable to brokerage fees paid to inter-dealer brokers in connection with our futures trading activities, and (ii) the increase in employee compensation of RMB16.3 million, primarily attributable to higher performance-based bonuses granted to sales personnel as a result of improved operating performance.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation, representing salaries, welfare and bonuses for our administrative staff, (ii) taxes and surcharges, (iii) bank service charges, (iv) consulting service expenses, and (v) depreciation and amortization.

The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Employee compensation	213,956	32.3	190,770	28.8	229,238	31.7	96,508	32.3	107,037	32.9
Taxes and surcharges	186,164	28.1	201,913	30.5	212,943	29.4	84,952	28.4	78,783	24.2
Bank service charges	113,426	17.1	130,689	19.7	133,760	18.5	61,369	20.5	58,115	17.8
Consulting service expenses . .	39,981	6.0	37,297	5.6	50,529	7.0	14,475	4.8	25,387	7.8
Depreciation and amortization .	37,292	5.6	32,462	4.9	35,916	5.0	15,842	5.3	28,631	8.8
Others ⁽¹⁾	72,185	10.9	69,679	10.5	61,604	8.4	25,541	8.6	27,827	8.5
Total	663,004	100.0	662,810	100.0	723,990	100.0	298,687	100.0	325,780	100.0

Note:

- (1) Others primarily include labor expenses, travel and transportation expenses, and office operating expenses.

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Comparison between the five months ended May 31, 2026 and 2025. Our administrative expenses increased by 9.1% from RMB298.7 million in the five months ended May 31, 2025 to RMB325.8 million during the same period in 2026, primarily due to (i) an increase in depreciation and amortization of RMB12.8 million as a result of depreciation of the office buildings we purchased in 2025, (ii) an increase in consulting service expenses of RMB10.9 million in connection the [REDACTED].

Comparison between 2025 and 2024. Our administrative expenses increased by 9.2% from RMB662.8 million in 2024 to RMB724.0 million in 2025, primarily due to (i) an increase in employee compensation of RMB38.5 million, which was primarily attributable to team expansion and introduction of talents, and (ii) an increase in consulting service expenses of RMB13.2 million, primarily resulting from accrual of [REDACTED].

Comparison between 2024 and 2023. Our administrative expenses remained relatively stable at RMB663.0 million in 2023 and RMB662.8 million in 2024.

Other Expenses

Our other expenses primarily consist of (i) net loss on standard warehouse receipt trading, primarily representing net trading losses on standard warehouse receipts held for trading purposes on futures exchange platforms, (ii) net foreign exchange losses, (iii) loss on disposal of property, plant and equipment and intangible assets, (iv) net loss on derivative financial instruments not designated for hedge accounting, (v) net loss on changes in fair value of financial assets measured at fair value through profit or loss, and (vi) net loss on fair value hedge of commodity firm commitments and inventories, primarily representing net loss under hedge accounting primarily attributable to changes in basis levels.

The following table sets out a breakdown of our other expenses, both in absolute amounts and as percentages of our total other expenses, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Net loss on standard warehouse receipt trading ⁽¹⁾	-	-	45,121	13.2	277,978	45.5	245,878	30.3	-	-
Net loss on fair value hedge of commodity firm commitments and inventories	9,107	22.2	178,557	52.2	-	-	338,631	41.7	-	-
Foreign exchange losses, net	-	-	-	-	170,512	27.9	110,832	13.6	151,500	16.2
Loss on disposal of property, plant and equipment and intangible assets	-	-	85,170	24.9	119,397	19.5	107,408	13.2	-	-
Compensation expense ⁽²⁾	29,888	72.8	15,175	4.4	23,352	3.8	8,555	1.1	7,393	0.8
Loss on disposal of unlisted equity investments measured at fair value through profit or loss	688	1.7	7,012	2.1	-	-	-	-	-	-
Net loss on derivative financial instruments not designated for hedge accounting	-	-	-	-	-	-	-	-	583,595	62.6

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	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Net loss on changes in fair value of unlisted equity investments measured at fair value through profit or loss . .	-	-	-	-	-	-	-	-	9,428	1.0
Net loss on changes in fair value of financial assets measured at fair value through profit or loss	-	-	-	-	-	-	-	-	180,433	19.4
Others	1,395	3.4	10,742	3.1	19,848	3.3	953	0.1	45	0.0
Total	41,078	100.0	341,777	100.0	611,087	100.0	812,257	100.0	932,394	100.0

Notes:

- (1) Standard warehouse receipt trading primarily involved spot commodities such as PTA, ethylene glycol, polyvinyl chloride and lithium carbonate.
- (2) Primarily consisted of fees paid by our Group to customers for breach of contracts. Such breaches generally arose from the failure of our logistics service providers or spot commodity suppliers to perform their contractual obligations, which in turn resulted in our failure to perform the relevant contractual obligations with our customers within the agreed timeline or in accordance with the agreed terms. In such circumstances, we would seek compensation from the relevant logistics service providers or spot commodity suppliers. To prevent the recurrence of compensation expenses, we have implemented a comprehensive contract management system with standardized contract templates, multi-level approval procedures, performance monitoring and formal change control mechanisms to strengthen oversight of contract execution and mitigate potential violation risks.

Comparison between the five months ended May 31, 2026 and 2025. Our other expenses increased by 14.8% from RMB812.3 million in the five months ended May 31, 2025 to RMB932.4 million during the same period in 2026, primarily because we incurred net loss on derivative financial instruments not designated for hedge accounting of RMB583.6 million, which was resulted from net loss on derivative financial instruments of certain chemicals, such as lithium carbonate.

Comparison between 2025 and 2024. Our other expenses increased significantly from RMB341.8 million in 2024 to RMB611.1 million in 2025, primarily due to (i) the increase in net loss on standard warehouse receipt trading of RMB232.9 million resulting from the lower trading prices and higher trading volumes of certain spot commodities such as PTA and ethylene glycol, which was in line with the market dynamics, and (ii) the increase in net foreign exchange losses of RMB170.5 million.

Comparison between 2024 and 2023. Our other expenses increased significantly from RMB41.1 million in 2023 to RMB341.8 million in 2024, primarily due to (i) the increase in net loss on fair value hedge of commodity firm commitments and inventories of RMB169.5 million related to unfavorable changes in basis levels, as futures prices increased at a lower pace than spot prices, and (ii) the increase in loss on disposal of property, plant and equipment and intangible assets of RMB85.2 million.

In 2024 and 2025, we recorded net loss on standard warehouse receipt trading of RMB45.1 million and RMB278.0 million, respectively, representing 13.2% and 45.5% of our total other expenses in the same periods.

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Finance Costs

Our finance costs primarily consist of (i) interest on bank and other borrowings, and (ii) interest on lease liabilities. The following table sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Interest on bank and other borrowings	909,466	97.3	916,326	97.7	735,398	97.6	331,674	99.5	350,235	99.7
Interest on lease liabilities . . .	10,738	1.1	5,851	0.6	3,361	0.4	1,786	0.5	920	0.3
Others	14,729	1.6	15,309	1.6	14,879	2.0	–	–	–	–
Total	934,933	100.0	937,486	100.0	753,638	100.0	333,460	100.0	351,155	100.0

Comparison between the five months ended May 31, 2026 and 2025. Our finance costs increased by 5.3% from RMB333.5 million in the five months ended May 31, 2025 to RMB351.2 million during the same period in 2026, primarily due to an increase in interest on bank and other borrowings in connection with our increasing financing activities.

Comparison between 2025 and 2024. Our finance costs decreased by 19.6% from RMB937.5 million in 2024 to RMB753.6 million in 2025, primarily due to the decrease in interest on bank and other borrowings resulting from the decreased interest rate on bank and other borrowings.

Comparison between 2024 and 2023. Our finance costs remained relatively stable at RMB934.9 million in 2023 and RMB937.5 million in 2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal primarily consist of impairment losses on trade receivables. Our impairment losses under expected credit loss model, net of reversal, were reversal of impairment losses of RMB71.3 million, reversal of impairment losses of RMB143.2 million and impairment losses of RMB159.7 million in 2023, 2024 and 2025, respectively. Our impairment losses under expected credit loss model, net reversal were reversal of impairment losses of RMB4.2 million and impairment losses of RMB54.4 million in the five months ended May 31, 2025 and 2026, respectively.

Comparison between the five months ended May 31, 2026 and 2025. Our reversal of impairment losses of RMB4.2 million in the five months ended May 31, 2025 changed to impairment losses of RMB54.4 million during the same period in 2026, primarily due to changes in aging profile.

Comparison between 2025 and 2024. Our reversal of impairment losses of RMB143.2 million in 2024 changed to impairment losses of RMB159.7 million in 2025, primarily due to changes in aging profile.

Comparison between 2024 and 2023. Our reversal of impairment loss increased significantly from RMB71.3 million in 2023 to RMB143.2 million in 2024, primarily due to the increased proportion of trade receivables settled through letters of credit with less credit risk in 2024.

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Share of Profits of Associates

Our share of profits of associates primarily consists of our share of net assets in associates.

Our share of profits of associates decreased by 19.8% from RMB80.3 million in 2023 to RMB64.4 million in 2024, and decreased by 18.0% from RMB64.4 million in 2024 to RMB52.8 million in 2025, primarily due to the disposal of our interests in certain associates. Our share of profits of associates increased by 151.0% from RMB18.5 million in the five months ended May 31, 2025 to RMB46.3 million during the same period in 2026, primarily due to profit contributions from our existing associates and the recognition of our share of profits from newly invested associates.

Income Tax

Our income tax primarily consists of (i) current tax, and (ii) deferred tax. Our effective tax rate (calculated as income tax expense divided by profit before tax) was 27.7%, 13.9%, 20.4%, 17.5% and 24.5% in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Current — Chinese Mainland . . .	201,375	51.0	538,707	233.2	287,431	78.2	215,674	193.4	144,306	80.4
Current — Elsewhere	77,176	19.6	163,439	70.8	93,751	25.5	19,696	17.7	109,507	61.0
Deferred	116,109	29.4	(471,181)	(204.0)	(13,647)	(3.7)	(123,835)	(111.0)	(74,331)	(41.4)
Total tax charge for										
the year/period	394,660	100.0	230,965	100.0	367,535	100.0	111,535	100.0	179,482	100.0

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. The applicable income tax rates vary across different jurisdictions. See Note 11 to the Accountants’ Report in Appendix I to this document for more details.

Comparison between the five months ended May 31, 2026 and 2025. Our income tax expense increased by 60.9% from RMB111.5 million in the five months ended May 31, 2025 to RMB179.5 million during the same period in 2026, primarily due to (i) an increase in profit before tax, and (ii) an increase in the tax rates of certain subsidiaries.

Comparison between 2025 and 2024. Our income tax expense increased by 59.1% from RMB231.0 million in 2024 to RMB367.5 million in 2025, primarily due to (i) an increase in profit before tax, and (ii) an increase in the tax rates of certain subsidiaries.

Comparison between 2024 and 2023. Our income tax expense decreased by 41.5% from RMB394.7 million in 2023 to RMB231.0 million in 2024, primarily due to the decrease in deferred income tax expenses of RMB587.3 million, resulting from the reversal of tax reserves previously recognized on overseas earnings, following the distribution of overseas dividends.

Profit For the Year/Period

As a result of the foregoing, we recorded profit of RMB1,032.3 million, RMB1,431.0 million, RMB1,434.6 million, RMB524.4 million and RMB554.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically financed our operations mainly through cash generated from our operating activities and financing activities. After the [REDACTED], we intend to finance our future capital requirements through debt financing activities, cash generated from our business operations as well as the net [REDACTED] from the [REDACTED]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

Working Capital Sufficiency

Taking into account (i) the financial resources available to us, including cash and cash equivalents and unutilized banking facilities, (ii) portion of the estimated net [REDACTED] from the [REDACTED] expected to be used for working capital and general corporate purposes, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash flows generated from/(used in) operating activities	117,541	(1,876,379)	(4,821,727)	2,518,796	(2,268,476)
Net cash flows used in investing activities	(60,956)	(4,759)	(1,081,121)	(1,636,136)	(3,170,101)
Net cash flows generated from financing activities	335,424	2,916,333	5,305,094	3,515,644	8,411,627
Net increase/(decrease) in cash and cash equivalents	392,009	1,035,195	(597,754)	4,398,304	2,973,050
Net foreign exchange difference .	53,945	32,697	(182,627)	(112,006)	(151,500)
Cash and cash equivalents at beginning of year/period	2,712,020	3,157,974	4,225,866	4,225,866	3,445,485
Cash and cash equivalents at end of year/period	<u>3,157,974</u>	<u>4,225,866</u>	<u>3,445,485</u>	<u>8,512,164</u>	<u>6,267,035</u>

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Operating Activities

In the five months ended May 31, 2026, we had net cash flows used in operating activities of RMB2,268.5 million, which primarily consisted of profit before tax of RMB733.6 million, as adjusted for (i) unrealized gain or loss from derivative financial instruments not designated for hedge accounting of RMB740.9 million, and (ii) unrealized gain or loss on fair value hedge of commodity firm commitments and inventories of RMB123.2 million, partially offset by (i) provision for impairment of inventories of RMB477.2 million, and (ii) interest expense of RMB351.2 million. The amount was further adjusted by income tax paid of RMB254.9 million, and changes in working capital, primarily including (a) increases in inventories of RMB3,413.6 million, and (b) an increase in prepayments, other receivables and other assets of RMB2,892.7 million, partially offset by (a) an increase in contract liabilities of RMB3,412.5 million, and (b) an increase in trade and notes payables of RMB1,109.1 million.

In 2025, we had net cash flows used in operating activities of RMB4,821.7 million, which primarily consisted of profit before tax of RMB1,802.1 million, adjusted for (i) unrealized gain or loss from derivative financial instruments not designated for hedge accounting of RMB1,239.5 million, and (ii) gain from financial assets at fair value through profit or loss of RMB313.1 million. The amount was further adjusted by income tax paid of RMB651.7 million, and changes in working capital, primarily including (a) increase in prepayments, other receivables and other assets of RMB4,341.0 million, (b) increase in inventories of RMB2,427.7 million. The foregoing changes were partially offset by (a) increase in contract liabilities of RMB1,185.7 million and (b) increase in other payables, accruals and other current liabilities of RMB237.6 million.

In 2024, we had net cash flows used in operating activities of RMB1,876.4 million. This primarily consisted of profit before tax of RMB1,662.0 million, adjusted for (i) reversal of impairment of trade and notes receivables of RMB194.0 million, and (ii) gain from financial assets at fair value through profit or loss of RMB89.5 million, partially offset by (i) interest expense of RMB937.5 million, and (ii) unrealized gain or loss on fair value hedge of commodity firm commitments and inventories of RMB800.8 million. The amount was further adjusted by income tax paid of RMB490.7 million, and changes in working capital, primarily including (a) increase in inventories of RMB4,272.9 million, (b) increase in prepayments, other receivables and other assets of RMB1,680.5 million, partially offset by (a) increase in contract liabilities of RMB799.1 million, (b) increase in other payables, accruals and other current liabilities of RMB260.8 million.

In 2023, we had net cash flows generated from operating activities of RMB117.5 million. This primarily consisted of profit before tax of RMB1,427.0 million, adjusted for (i) interest expense of RMB934.9 million, and (ii) provision for impairment of inventories of RMB488.3 million, partially offset by unrealized gain from derivative financial instruments of RMB1,337.5 million. The amount was further adjusted by income tax paid of RMB704.8 million, and changes in working capital, primarily including (a) decrease in trade and notes receivables of RMB2,715.9 million, (b) decrease in prepayments, other receivables and other assets of RMB1,796.2 million, partially offset by (a) increase in inventories of RMB1,725.0 million, and (b) decrease in trade and notes payables of RMB1,599.4 million.

Our ability to improve our net operating cash flow is largely depending on our ability to improve profitability. In this regard, we plan to improve our net operating cash outflow positions by (i) effectively attracting and retaining our customers to drive our revenue growth and profitability, (ii) continuing to create value for customers to explore additional business opportunities that help us scale up our revenues and to achieve profitability, and (iii) effectively managing our cost and expenses by improving our operational efficiency. With our improving profitability, we also expect our operating cash flow to improve concurrently. Moreover, we plan to enhance our working capital management efficiency to improve our net operating cash outflow positions. We plan to enhance our management of trade receivables by continually monitoring the credit profiles and operating and financial conditions of our customers and proactively following up

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on our customers to ensure their payments as scheduled. We plan to increase the focus on trade receivable collection when evaluating the performance of our sales team. In addition, we plan to negotiate for shorter credit terms with our customers.

Investing Activities

In the five months ended May 31, 2026, we had net cash flows used in investing activities amounted to RMB3,170.1 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB3,467.3 million, and (ii) purchases of shareholdings in associates of RMB255.0 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB634.0 million.

In 2025, our net cash flows used in investing activities amounted to RMB1,081.1 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB839.2 million, (ii) purchases of items of property, plant and equipment, right-of-use assets and intangible assets of RMB885.0 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB341.0 million.

In 2024, our net cash flows used in investing activities amounted to RMB4.8 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB169.9 million, (ii) purchases of shareholdings in associates of RMB133.2 million, and (iii) purchases of items of property, plant and equipment, right-of-use assets and intangible assets of RMB60.1 million, partially offset by (i) proceeds from disposals of financial assets at fair value through profit or loss of RMB155.3 million, (ii) dividend received from associates of RMB87.1 million.

In 2023, our net cash flows used in investing activities amounted to RMB61.0 million, which consisted primarily of (i) purchases of financial assets at fair value through profit or loss of RMB211.2 million, (ii) purchases of shareholdings in associates of RMB106.5 million, and partially offset by (i) proceeds from disposal of property, plant and equipment and intangible assets of RMB150.0 million, (ii) proceeds from disposals of financial assets at fair value through profit or loss of RMB118.1 million.

Financing Activities

In the five months ended May 31, 2026, our net cash flows generated from financing activities amounted to RMB8,411.6 million, which consisted primarily of (i) proceeds from interest-bearing loans and other borrowings of RMB34,710.8 million, and (ii) maturity in pledged short-term deposits of RMB5,068.7 million, partially offset by (i) repayment of interest-bearing loans and other borrowings of RMB25,531.6 million, and (ii) placement in pledged short-term deposits of RMB5,669.4 million.

In 2025, our net cash flows generated from financing activities amounted to RMB5,305.1 million, which consisted primarily of (i) proceeds from interest-bearing loans and other borrowings of RMB62,603.0 million, and (ii) maturity in pledged short-term deposits of RMB11,625.3 million, partially offset by (i) repayment of interest-bearing loans and other borrowings of RMB58,713.9 million, and (ii) placement in pledged short-term deposits of RMB10,621.9 million.

In 2024, our net cash flows generated from financing activities amounted to RMB2,916.3 million, which consisted primarily of (i) proceeds from interest-bearing loans and other borrowings of RMB64,175.9 million, (ii) loan from related parties of RMB12,740.0 million, and (iii) maturity in pledged short-term deposits of RMB8,343.4 million, partially offset by (i) repayment of interest-bearing loans and other borrowings of RMB62,015.3 million and (ii) repayment of loan from related parties of RMB12,740.0 million.

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In 2023, our net cash flows generated from financing activities amounted to RMB335.4 million, which consisted primarily of (i) proceeds from interest-bearing loans and other borrowings of RMB65,370.3 million, (ii) loan from related parties of RMB10,350.0 million, and (iii) maturity in pledged short-term deposits of RMB5,104.5 million, partially offset by (i) repayment of interest-bearing loans and other borrowings of RMB61,068.0 million and (ii) repayment of loan from related parties of RMB10,350.0 million.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of May 31,	As of June 12,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets					
Inventories	11,441,263	16,149,044	18,262,420	20,962,910	23,197,574
Trade and notes receivables	5,142,755	6,399,198	5,584,825	6,390,255	5,911,968
Prepayments, other receivables and other assets	13,748,287	15,469,602	20,800,497	24,000,703	25,083,847
Financial assets at fair value through profit or loss	261,996	411,573	1,168,397	3,989,723	3,999,723
Restricted cash	40,152	27,760	26,978	36,748	36,748
Pledged short-term deposits	6,304,581	4,502,287	3,496,749	4,674,729	4,558,028
Derivative financial instruments	1,072,081	890,998	724,360	770,059	807,865
Cash and cash equivalents	3,157,974	4,225,866	3,445,485	6,267,035	4,853,441
Total current assets	41,169,089	48,076,328	53,509,711	67,092,162	68,449,194
Current liabilities					
Lease liabilities	78,546	31,879	26,312	22,389	18,827
Trade and notes payables	7,218,507	7,784,394	6,928,439	8,069,182	7,384,365
Other payables, accruals and other current liabilities	3,898,505	5,489,018	4,173,413	4,687,879	5,114,991
Interest-bearing loans and other borrowings	19,010,339	21,687,052	25,638,321	34,824,584	31,194,864
Derivative financial instruments	924,143	682,283	1,573,874	444,239	451,156
Contract liabilities	4,954,060	6,312,779	7,498,509	10,917,530	16,065,664
Tax payable	230,494	510,276	278,416	247,253	258,808
Total current liabilities	36,314,594	42,497,681	46,117,284	59,213,056	60,488,675
Net Current Assets	4,854,495	5,578,647	7,392,427	7,879,106	7,960,519

Our net current assets increased from RMB7,879.1 million as of May 31, 2026 to RMB7,960.5 million as of June 12, 2026, primarily due to (i) the increase in inventories of RMB2,234.7 million and (ii) the increase in prepayments, other receivables and other assets of RMB1,083.1 million. Such increase in our current assets was partially offset by an increase in contract liabilities of RMB 5,148.1 million.

Our net current assets increased from RMB7,392.4 million as of December 31, 2025 to RMB7,879.1 million as of May 31, 2026, primarily due to (i) the increase in prepayments, other receivables and other assets of RMB3,200.2 million, and (ii) the increase in cash and cash equivalents of RMB2,821.6 million. Such increase in our current assets was partially offset by an increase in contract liabilities of RMB3,419.0 million.

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Our net current assets increased from RMB5,578.6 million as of December 31, 2024 to RMB7,392.4 million as of December 31, 2025, primarily due to (i) the increase in prepayments, other receivables and other assets of RMB5,330.9 million, resulting from our expanded procurement of commodities to support our business expansion, (ii) the increase in inventories of RMB2,113.4 million in line with our business expansion, and (iii) the increase in financial assets at fair value through profit or loss of RMB756.8 million, partially offset by (i) the increase in contract liabilities of RMB1,185.7 million, resulting from the increase in advances from customers in line with our business expansion, and (ii) the increase in interest-bearing loans and other borrowings of RMB3,951.3 million, resulting from debt financing.

Our net current assets increased from RMB4,854.5 million as of December 31, 2023 to RMB5,578.6 million as of December 31, 2024, primarily due to (i) the increase in inventories of RMB4,707.8 million in line with our business expansion, (ii) the increase in prepayments, other receivables and other assets of RMB1,721.3 million, resulting from our expanded procurement of commodities to support our business expansion, partially offset by (i) the increase in interest-bearing loans and other borrowings of RMB2,676.7 million, resulting from debt financing, and (ii) the decrease in pledged short-term deposits of RMB1,802.3 million, resulting from the decrease in deposits for bank acceptance notes.

Inventories

Our inventories primarily consist of finished goods, mainly representing physical commodities procured. The following table sets forth a breakdown of our inventories by commodity type as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Ferrous metals and steelmaking raw materials				
– Steel	3,922,312	4,498,324	4,703,681	6,084,766
– Iron ore	2,353,156	3,265,905	4,534,998	3,194,782
– Other raw materials	230,077	1,828,677	2,257,792	2,872,174
Subtotal	6,505,545	9,592,906	11,496,471	12,151,722
Chemicals				
– Polyester	74,613	159,706	401,350	1,287,790
– Aromatics	160,830	67,330	118,517	179,396
– Rubber	1,394,824	2,014,860	1,106,876	1,727,792
– Other chemicals	1,736,022	3,307,869	3,591,607	4,123,708
Subtotal	3,366,289	5,549,765	5,218,350	7,318,686
Non-ferrous metals	661,160	366,919	835,863	917,498
Other commodities⁽¹⁾	908,269	639,454	711,736	575,004
Total/Overall	11,441,263	16,149,044	18,262,420	20,962,910

Our inventories increased by 41.1% from RMB11,441.3 million as of December 31, 2023 to RMB16,149.0 million as of December 31, 2024, increased by 13.1% to RMB18,262.4 million as of December 31, 2025, and further increased by 14.8% to RMB20,962.9 million as of May 31, 2026, primarily due to (i) the increase in finished goods in line with the expansion of our business scale, and (ii) our strategic stock-up of finished goods as part of the profit-driven basis trading.

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During the Track Record Period, the commodities that we typically held without relevant sales contracts primarily included steel, iron ore and rubber. The average inventory level of such commodities remained over RMB16.7 billion in 2023, 2024, 2025 and the five months ended May 31, 2026. Although the inventory level of commodities without sales contracts during the Track Record Period was relatively high, we generally utilized derivative financial instruments to hedge price fluctuation risks associated with such inventories and manage the price exposure.

The following table sets forth an aging analysis of our inventories as of the date indicated:

	As of December 31,						As of May 31,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Within one year . . .	10,952,721	95.7	15,798,840	97.8	17,968,046	97.7	20,594,137	98.2
Over one year . . .	488,542	4.3	350,204	2.2	294,374	2.3	368,773	1.8
Total	11,441,263	100.0	16,149,044	100.0	18,262,420	100.0	20,962,910	100.0

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,
	2023	2024	2025	2026
Inventory turnover days ⁽¹⁾	16	19	23	27

Note:

- (1) Inventory turnover days were calculated based on the average of opening and closing balance of inventories for the relevant year, divided by cost of sales for the same year and multiplied by 365 days for 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our inventory turnover days increased from 16 days in 2023 to 19 days in 2024, increased to 23 days in 2025, and further increased to 27 days in the five months ended May 31, 2026, primarily due to the increases in our inventory balances in line with our business expansion.

As of June 12, 2026, RMB8,083.0 million, or 36.5% of our total inventories as of May 31, 2026, had been utilized.

Trade and Notes Receivables

Our trade and notes receivables primarily consist of (i) trade receivables, mainly representing outstanding amounts due from customers, and (ii) notes receivables, mainly representing bank acceptance notes and commercial acceptance notes received from customers.

The following table sets forth our trade and notes receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	5,530,515	6,478,528	5,533,781	5,501,440
Notes receivable	182,035	310,000	512,105	1,400,558
Subtotal	5,712,550	6,788,528	6,045,886	6,901,998

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	As of December 31,			As of
	2023	2024	2025	May 31,
	RMB'000	RMB'000	RMB'000	2026
Less: impairment of trade receivables	(568,474)	(381,544)	(459,177)	(509,588)
Less: impairment of notes receivable	(1,321)	(7,786)	(1,884)	(2,155)
Net carrying amount	5,142,755	6,399,198	5,584,825	6,390,255

Our trade and notes receivables increased by 24.4% from RMB5,142.8 million as of December 31, 2023 to RMB6,399.2 million as of December 31, 2024, primarily due to the increase in the balance of trade receivables in line with our business expansion and revenue growth. Our trade and notes receivables decreased by 12.7% from RMB6,399.2 million as of December 31, 2024 to RMB5,584.8 million as of December 31, 2025, primarily due to our enhanced collection efforts improved receivable management measures. Our trade and notes receivables increased by 14.4% from RMB5,584.8 million as of December 31, 2025 to RMB6,390.3 million as of May 31, 2026, primarily due to an increase in notes receivables of RMB888.2 million driven by the increased bank acceptance notes and commercial acceptance notes received from customers.

Our impairment of trade receivables decreased by 32.9% from RMB568.5 million as of December 31, 2023 to RMB381.5 million as of December 31, 2024, primarily resulting from an increased proportion of trade receivables with a lower level of expected credit loss rate. Our impairment of trade receivables increased by 20.4% from RMB381.5 million in 2024 to RMB459.2 million as of December 31, 2025, primarily due to changes in the aging profile. Our impairment of trade receivables increased by 11.0% from RMB459.2 million as of December 31, 2025 to RMB509.6 million as of May 31, 2026, primarily due to changes in the aging profile.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated based on the invoice date and net of loss allowance:

	As of December 31,						As of	
	2023		2024		2025		May 31,	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Within one year	4,590,119	92.5	5,704,136	93.6	4,697,916	92.6	4,663,360	93.4
One to two years . . .	346,044	7.0	289,789	4.8	184,424	3.6	143,442	2.9
Two to three years . . .	25,878	0.5	94,701	1.5	132,727	2.6	112,773	2.3
Over three years	–	–	8,358	0.1	59,537	1.2	72,277	1.4
Total	4,962,041	100.0	6,096,984	100.0	5,074,604	100.0	4,991,852	100.0

The following table sets forth our trade receivable turnover days during the periods indicated:

	Year Ended December 31,			Five Months
	2023	2024	2025	Ended May 31,
Trade receivable turnover days ⁽¹⁾ . .	7	8	8	8

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Note:

- (1) Trade receivable turnover days were calculated based on the average of opening and closing balance of trade receivables for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our trade receivable turnover days remained relatively stable during the Track Record Period. We did not experience any significant losses associated with our trade and notes receivables and the fluctuations in the amount of our trade and notes receivables did not have any material adverse impact on our liquidity or cash flows during the Track Record Period.

As of June 12, 2026, RMB1,460.4 million, or 26.5% of our trade receivables as of May 31, 2026, had been settled.

Prepayments, Other Receivables and Other Assets

Our current prepayments, other receivables and other assets primarily consist of (i) prepayments and prepaid expenses to suppliers, (ii) deposits and other receivables relating to futures contracts, (iii) standard warehouse receipt that evidences title to exchange deliverable physical commodities, (iv) deductible input value-added tax and export tax rebate, (v) corporate income tax recoverable, (vi) dividends receivable, and (vii) other current assets — fair value adjustment on hedged items.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Prepayments and prepaid expenses	7,768,069	8,945,457	10,279,674	13,148,047
Deposits and other receivables	4,503,682	4,491,037	6,542,844	5,769,422
Standard warehouse receipt . . .	244,725	374,023	1,438,538	2,602,801
Deductible input value-added tax and export tax rebate . . .	1,032,266	1,590,692	1,732,100	1,426,032
Corporate income tax recoverable	12,413	20,726	59,338	29,243
Dividends receivable	20,400	—	2,532	—
Other current assets – fair value adjustment on hedged items	57,109	8,169	738,747	1,022,488
Others	121,428	102,090	69,300	68,960
Impairment allowance	(11,805)	(62,592)	(62,576)	(66,290)
Subtotal	13,748,287	15,469,602	20,800,497	24,000,703
Non-current				
Prepayments for non-current assets	821	2,823	—	—
Subtotal	821	2,823	—	—
Total	13,749,108	15,472,425	20,800,497	24,000,703

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Our current prepayments, other receivables and other assets increased by 12.5% from RMB13,748.3 million as of December 31, 2023 to RMB15,469.6 million as of December 31, 2024, primarily due to (i) the increase in prepayments and prepaid expenses in line with our expanded procurement of commodities to support our business expansion, and (ii) the increase in deductible input value-added tax and export tax rebate related to increased procurement of commodities in line with our business growth. Our current prepayments, other receivables and other assets increased by 34.5% from RMB15,469.6 million as of December 31, 2024 to RMB20,800.5 million as of December 31, 2025, primarily due to (i) the increase in prepayments and prepaid expenses due to increased procurement activities and accelerated year-end settlements in the prior year, and (ii) the increase in deposits and other receivables as a result of higher margin deposits arising from our futures hedging positions. Our current prepayments, other receivables and other assets increased by 15.4% from RMB20,800.5 million as of December 31, 2025 to RMB24,000.7 million as of May 31, 2026, primarily due to an increase in prepayments and prepaid expenses of RMB2,868.4 million in line with the growth of our commodity trading business.

As of June 12, 2026, RMB5,803.3 million, or 24.1% of our prepayments, other receivables and other assets as of May 31, 2026, had been settled.

Financial Assets at Fair Value Through Profit or Loss

The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current asset				
Unlisted equity investments, at fair value	214,341	189,167	158,815	149,387
Current asset				
Wealth management products	261,996	411,573	875,480	3,658,963
Listed equity investments, at fair value	—	—	292,917	330,760
Subtotal	261,996	411,573	1,168,397	3,989,723
Total	476,337	600,740	1,327,212	4,139,110

Our financial assets at fair value through profit or loss increased during the Track Record Period, primarily due to our increased investment in wealth management products. Our wealth management products primarily consisted of cash management instruments characterized by low volatility and high liquidity, and we had not incurred any material loss during the Track Record Period.

We have established a dedicated investment team responsible for managing our investments in financial assets at fair value through profit or loss. Our investment team has an average of 15 years of experience and possesses professional expertise in treasury management and the management of investments in wealth management products. Major investment decisions are subject to review and approval by our Board of Directors.

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In particular, our investment manager solicits quotations for wealth management products from banks and financial institutions and formulates investment plans for cash allocation in accordance with our treasury management policy. Such investment plans are executed by the investment manager upon obtaining approvals from the responsible personnel of our investment department and finance department, as well as our investment decision-making committee. Our investment strategy in relation to wealth management products aims to minimize financial risks by prudently and conservatively aligning the maturities of our investment portfolio with our anticipated operating cash requirements, while generating reasonable investment returns for our shareholders. We primarily invest in wealth management products with relatively low risk, and any proposed investment must not adversely affect our daily operations or business prospects. We make investment decisions in respect of wealth management products on a case-by-case basis after comprehensive evaluation of various factors, including, among others, the macroeconomic environment, prevailing market conditions, and the expected returns and potential risks of the relevant investment.

During the Track Record Period, we had certain financial assets categorized within Level 3 of fair value measurement (“Level 3 Financial Assets”). Our Level 3 Financial Assets include unlisted equity instruments at fair value. In respect of the Level 3 Financial Assets, we took into account the guidance under the “Guidance Note on Directors’ Duties in the Context of Valuations in Corporate Transactions” issued by the SFC in May 2017, which is applicable to directors of companies listed on the Stock Exchange. Upon [REDACTED], to the extent that an investment in unlisted equity instruments is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements.

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	266,769	255,259	926,102	920,450
Machinery and equipment	65,502	56,071	42,198	40,518
Motor vehicles	4,104	2,955	3,555	3,901
Computer and office equipment	8,985	7,140	10,184	9,819
Operating lease asset	2,496,349	2,426,789	2,298,724	2,335,359
Leasehold improvements	22,594	16,884	11,166	14,491
Construction in progress	529	—	—	—
Total	2,864,832	2,765,098	3,291,929	3,324,538

Our property, plant and equipment decreased by 3.5% from RMB2,864.8 million as of December 31, 2023 to RMB2,765.1 million as of December 31, 2024, and increased by 19.1% to RMB3,291.9 million as of December 31, 2025, primarily due to the increase in office buildings. Our property, plant and equipment remained relatively stable at RMB3,291.9 million as of December 31, 2025 and RMB3,324.5 million as of May 31, 2026.

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Right-of-Use Assets

The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Leasehold land	59,690	58,455	57,214	56,696
Buildings	134,329	95,843	60,996	50,512
Plant and machinery	78,171	—	—	—
Electronic and other devices . .	4	—	—	—
Total	272,194	154,298	118,210	107,208

Our right-of-use assets decreased by 43.3% from RMB272.2 million as of December 31, 2023 to RMB154.3 million as of December 31, 2024, primarily due to (i) the reduction in our plant and machinery leasing following our purchase of the relevant equipment, and (ii) the reduction in our office building leases. Our right-of-use assets decreased by 23.4% from RMB154.3 million as of December 31, 2024 to RMB118.2 million as of December 31, 2025, primarily due to (i) the reduction in our office building leases, and (ii) amortization of our lease assets. Our right-of-use assets decreased by 9.3% from RMB118.2 million as of December 31, 2025 to RMB107.2 million as of May 31, 2026, primarily due to (i) the reduction in our leasehold land and office buildings, and (ii) amortization of our lease assets.

Investments in Associates

Our investments in associates primarily consist of share of net assets in our associates companies. Our investments in associates decreased from RMB831.1 million as of December 31, 2023 to RMB764.5 million as of December 31, 2024, and further decreased to RMB700.3 million as of December 31, 2025, primarily due to the conversion of one associate into a wholly-owned subsidiary. Our investments in associates increased from RMB700.3 million as of December 31, 2025 to RMB969.9 million as of May 31, 2026, primarily due to our capital contributions to newly established associates.

Trade and Notes Payables

Our trade and notes payables primarily consist of payables for commodities. The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	804,423	1,644,953	1,582,411	2,418,185
Notes payable	6,414,084	6,139,441	5,346,028	5,650,997
Total	7,218,507	7,784,394	6,928,439	8,069,182

Our trade and notes payables increased by 7.8% from RMB7,218.5 million as of December 31, 2023 to RMB7,784.4 million as of December 31, 2024, and decreased by 11.0% to RMB6,928.4 million as of December 31, 2025. Such decline was primarily due to optimization of our settlement and payment structure, which effectively reduced the outstanding balances of trade and notes

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payables. Our trade and notes payables increased by 16.5% from RMB6,928.4 million as of December 31, 2025 to RMB8,069.2 million as of May 31, 2026, primarily due to adjustment to our settlement pace and strategy, which was in line with our business growth.

The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

	As of December 31,						As of May 31,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Within one year	7,185,425	99.5	7,752,874	99.6	6,883,039	99.3	8,026,214	99.5
Over one year	33,082	0.5	31,520	0.4	45,400	0.7	42,968	0.5
Total	7,218,507	100.0	7,784,394	100.0	6,928,439	100.0	8,069,182	100.0

The following table sets forth our trade payable turnover days during the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,
	2023	2024	2025	2026
Trade payable turnover days ⁽¹⁾ . . .	2	2	2	3

Note:

- (1) Trade payable turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by cost of sales for the same year and multiplied by 365 days for 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our trade payable turnover days remained relatively stable during the Track Record Period. Our Directors confirm that we did not have any material defaults in payment of trade and notes payables during the Track Record Period and up to the Latest Practicable Date.

As of June 12, 2026, approximately RMB800.9 million, or 33.1% of our trade payables as of May 31, 2025, had been settled.

Other Payables, Accruals and Other Current Liabilities

The following table sets forth our other payables, accruals and other current liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Taxes payable other than corporate income tax	819,265	941,518	1,013,911	1,363,845
Payroll payable	1,291,827	1,410,074	1,021,909	720,155
Other payables	1,574,900	1,435,430	1,539,456	1,574,351
Other current liabilities — fair value adjustment on hedged items	14,972	1,474,042	86,513	419,541

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	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	94,119	63,429	41,511	50,738
Dividends payable ⁽¹⁾	49,000	—	134,319	61,840
Deposits	54,422	164,525	335,794	497,409
Total	3,898,505	5,489,018	4,173,413	4,687,879

Note:

(1) Our dividends payable will be settled prior to the [REDACTED].

Our other payables, accruals and other current liabilities increased by 40.8% from RMB3,898.5 million as of December 31, 2023, to RMB5,489.0 million as of December 31, 2024, primarily due to the increase of other current liabilities — fair value adjustment on hedged items, which was primarily attributable to the increase in unrealized losses in spot positions due to fair value changes of hedged commodities. Our other payables, accruals and other current liabilities decreased by 24.0% from RMB5,489.0 million as of December 31, 2024 to RMB4,173.4 million as of December 31, 2025, primarily due to (i) the decrease in other current liabilities — fair value adjustment on hedged items of RMB1,387.5 million, resulting from the increased settlements of hedged commodities, which led to the realization of previously unrealized losses on our spot positions, and (ii) the decrease in payroll payables of RMB388.2 million, primarily due to our improved cost-efficiency. Our other payables, accruals and other current liabilities increased by 12.3% from RMB4,173.4 million as of December 31, 2025 to RMB4,687.9 million as of May 31, 2026, primarily due to (i) an increase in taxes payable other than corporate income tax resulting from the increase in contract liabilities arising from advance received from customers, and (ii) an increase in other current liabilities — fair value adjustment on hedged items, which was mainly attributable to unrealized losses on the hedged items under our hedge accounting arrangements. The non-trade balances of our other payables, accruals and other current liabilities with related parties will be settled prior to the [REDACTED]. See Note 37(b) to the Accountants’ Report in Appendix I to this document for further details.

As of June 12, 2026, approximately RMB514.4 million, or 11.0% of our other payables, accruals and other current liabilities as of May 31, 2026, had been settled.

Contract Liabilities

Our contract liabilities primarily consist of advances received from customers. Our contract liabilities increased by 27.4% from RMB4,954.1 million as of December 31, 2023 to RMB6,312.8 million as of December 31, 2024, increased by 18.8% from RMB6,312.8 million as of December 31, 2024, to RMB7,498.5 million as of December 31, 2025, and further increased by 45.6% from RMB7,498.5 million as of December 31, 2025 to RMB10,917.5 million as of May 31, 2026, primarily due to (i) adjustment to our settlement pace and strategy, and (ii) the increase in advances from customers in line with our business expansion.

As of June 12, 2026, approximately RMB3,031.0 million, or 27.8% of our contract liabilities as of May 31, 2026, had been recognized as revenue.

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Derivative Financial Instruments

Our derivative financial instruments primarily consist of commodity futures. During the Track Record Period, we designated certain of our commodity futures as hedging instruments. See Note 26 to the Accountants’ Report in Appendix I to this document for further details.

The following table sets forth the net carrying amount of our derivative financial instruments by whether designated as hedging instruments as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Derivative financial instruments not designated in hedging relationships				
Commodity futures	179,020	(376,801)	(20,928)	826,366
Commodity options	(13,630)	18,242	(51,685)	(17,113)
Foreign currency option contracts . .	5,481	(133,385)	3,200	–
Foreign currency forward contracts .	36,916	24,114	65,560	137,187
Foreign currency futures contracts . .	(7,833)	12,977	(4,789)	(6,087)
Subtotal	199,954	(454,853)	(8,642)	940,353
Derivative financial instruments designated in hedging relationships				
Commodity Futures	(52,016)	663,568	(840,872)	(614,533)
Total	147,938	208,715	(849,514)	325,820

The significant fluctuations in the balances of derivative financial instruments designated as hedging instruments and those not designated as hedging instruments during the Track Record Period were primarily due to (i) fair value changes in commodity futures in response to market price movements, and (ii) changes in the trading volume and composition of our commodity futures.

The balances of our derivative financial instruments not designated as hedging instruments fluctuated from net assets of RMB200.0 million as of December 31, 2023 to net liabilities of RMB454.9 million as of December 31, 2024 and RMB8.6 million as of December 31, 2025, primarily due to fair value changes in PTA, methanol and asphalt. The balances of our derivative financial instruments not designated as hedging instruments changed to net assets of RMB940.4 million as of May 31, 2026, primarily due to fair value changes in PTA, ethylene glycol and methanol.

The balances of our derivative financial instruments designated as hedging instruments fluctuated from net liabilities of RMB52.0 million as of December 31, 2023 to net assets of RMB663.6 million as of December 31, 2024, primarily due to fair value gains on designated commodity futures, such as relating to PTA, industrial silicon and coking coal, and changed to net liabilities of RMB840.9 million as of December 31, 2025 and RMB614.5 million as of May 31, 2026, primarily due to fair value losses on designated lithium carbonate futures.

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INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,	As of June 12,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current					
Interest-bearing loans and other borrowings	19,010,339	21,687,052	25,638,321	34,824,584	31,194,864
Lease liabilities	78,546	31,879	26,312	22,389	18,827
Other payables, accruals and other current liabilities	39,084	111,130	–	–	–
Non-current					
Interest-bearing loans and other borrowings	460,196	488,300	440,000	440,000	440,000
Lease liabilities	86,073	54,773	33,641	23,672	23,846
Total	19,635,154	22,262,004	26,138,274	35,310,645	31,677,537

Interest-bearing Loans and Other Borrowings

The following table sets forth a breakdown of our interest-bearing loans and other borrowings as of the dates indicated:

	As of December 31,			As of May 31,	As of June 12,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current					
Bank loans – secured	1,301,875	2,320,951	2,432,542	5,065,908	4,756,298
Bank loans – unsecured	372,437	849,752	1,145,000	4,229,837	4,500,495
Discounted notes receivable	8,816,449	8,626,523	8,883,714	10,438,224	8,233,987
Loans of letter of credit	3,697,835	6,374,466	8,977,106	8,887,468	8,558,899
Other borrowings – secured	2,168,705	468,831	607,490	585,743	539,523
Other borrowings – unsecured	2,521,078	3,025,728	3,575,594	5,604,864	4,595,662
Current portion of long-term bank loans . .	131,960	20,801	16,875	12,540	10,000
Non-current					
Bank loans – secured	460,196	450,000	440,000	440,000	440,000
Other borrowings – secured	–	38,300	–	–	–
Total	19,470,535	22,175,352	26,078,321	35,264,584	31,634,864

As of December 31, 2023, 2024 and 2025 and May 31, 2026 and June 12, 2026, the effective interest rate of our loans and other borrowings ranged from nil to 6.94%, nil to 6.41%, nil to 7.56%, 0.60% to 5.72% and 0.60% to 5.72%, respectively. Our bank borrowings are denominated in RMB. Certain of guarantees of our bank and other borrowings were secured by the pledge of certain of our property, plant and equipment, and pledged time deposits during the Track Record Period. See Note 27 to the Accountants’ Report in Appendix I to this document for more details.

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Our Directors confirm that as of the Latest Practicable Date, the agreements of our interest-bearing loans and other borrowings did not contain any covenant that would have a material and adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in of our interest-bearing loans and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. As of June 12, 2026, we had unutilized banking facilities of RMB39.5 billion.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and May 31, 2026 and June 12, 2026, we had outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB164.6 million, RMB86.7 million, RMB60.0 million, RMB46.1 million and RMB42.7 million, respectively, in relation to the corresponding lease liabilities. See Note 15 to the Accountants’ Report in Appendix I to this document for more details.

Save as otherwise disclosed under sections headed “— Indebtedness,” as of June 12, 2026, being the latest date for determining our indebtedness, we did not have any material bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees or other material contingent liabilities. Our Directors further confirm that there has been no material change in our indebtedness since June 12, 2026 up to the Latest Practicable Date.

Other Payables, Accruals and Other Current Liabilities

Our Company entered into an Asset-Backed Commercial Paper arrangement and transferred trade receivables to one of our Controlling Shareholders. Under the arrangement, our Company collected the trade receivables on behalf of the controlling shareholder. As of December 31, 2023, 2024 and 2025 and May 31, 2026 and June 12, 2026, our other payables, accruals and other current liabilities that had not yet been paid to such controlling shareholder were RMB39.1 million, RMB111.1 million, nil, nil and nil, respectively.

CAPITAL EXPENDITURE

We incurred capital expenditures of RMB53.1 million, RMB60.1 million, RMB885.0 million, RMB5.5 million and RMB214.3 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, mainly in relation to purchases of items of property, plant and equipment, right-of-use assets and intangible assets.

We expect to fund our future capital expenditures with our operating cash flows as well as with our own funds or other funds raised. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of / Year Ended December 31,			As of/ Five Months Ended May 31,
	2023	2024	2025	2026
Return on equity ⁽¹⁾	13.4%	15.9%	16.4%	8.0%
Current ratio ⁽²⁾	1.1	1.1	1.2	1.1
Net profit growth rate ⁽³⁾	N/A	38.6%	0.2%	5.7%

Notes:

- (1) Return on equity was calculated based on profit attributable to owners of the parent of the respective period, divided by average balance of equity attributable to owners of the parent (exclude perpetual securities) and multiplied by 100%. The increase in our ROE from 2023 to 2024 was primarily attributable to the steady growth of our profit attributable to owners of the parent, which outpaced the growth of our equity attributable to owners of the parent. The increase in our ROE from 2024 to 2025 was primarily attributable to our enhanced profitability.
- (2) Current ratio was calculated dividing current assets by current liabilities as of the dates indicated.
- (3) Net profit growth rate was calculated dividing the change in net profit for the current year/period relative to the prior year/period by the net profit of the prior year/period.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time. The controlling shareholder of the Group had provided guarantees in connection with interest-bearing loans and other borrowings, letters of credit, note payables and guarantee letter made to the Group as of May 31, 2026. We expect that the majority of such guarantees will be released upon [REDACTED]. See “Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence” and Note 37 to the Accountants’ Report in Appendix I to this document for more details.

Our Directors are of the view that each of the related party transactions set out in Note 37 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

DIVIDENDS

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. In 2023, 2024, 2025 and the five months ended May 31, 2026, we declared dividends of RMB747.3 million, RMB649.7 million, RMB572.8 million and nil, respectively. As of the Latest Practicable Date, we did not have a formal dividend policy or pre-determined dividend payout ratio.

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After completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

DISTRIBUTABLE RESERVES

As of May 31, 2026, we had retained earnings of RMB2,435.7 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees (such as the discretionary incentive fee) incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] (or HK\$[REDACTED], representing [REDACTED]% of the gross [REDACTED] from the [REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), which are composed of (i) [REDACTED] of approximately RMB[REDACTED] and (ii) [REDACTED] of approximately RMB[REDACTED], which consist of (a) fees and expenses of legal advisors and reporting accountants of approximately RMB[REDACTED], and (b) other fees and expenses of approximately RMB[REDACTED]. An estimated amount of RMB[REDACTED] for our [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of RMB[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. During the Track Record Period, [REDACTED] of [REDACTED] was charged to the consolidated statements of profit or loss, and RMB[REDACTED] was recognized as other current assets and to be deducted from equity upon the [REDACTED].

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk and price risk. See Note 40 to the Accountants’ Report in Appendix I to this document for more details.

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness or prospects since May 31, 2026, being the date of our latest reviewed financial statements, and there has been no event since May 31, 2026 that would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.