

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report received from the Company’s reporting accountants, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HANGZHOU CIEC GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

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

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

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

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>	
Revenue	5	252,132,435	270,629,944	270,479,007	109,458,806	110,492,986
Cost of sales		(249,948,109)	(268,730,800)	(268,757,519)	(109,350,725)	(108,365,303)
Gross profit		2,184,326	1,899,144	1,721,488	108,081	2,127,683
Other income and gains	6	1,687,132	2,512,687	3,039,757	2,213,961	473,329
Selling and distribution costs .		(957,052)	(1,015,383)	(763,567)	(264,369)	(250,029)
Administrative expenses		(663,004)	(662,810)	(723,990)	(298,687)	(325,780)
Other expenses	6	(41,078)	(341,777)	(611,087)	(812,257)	(932,394)
Finance costs	8	(934,933)	(937,486)	(753,638)	(333,460)	(351,155)
Impairment losses under expected credit loss model, net of reversal		71,255	143,168	(159,671)	4,193	(54,396)
Share of profits of associates .	17	80,337	64,440	52,814	18,462	46,334
PROFIT BEFORE TAX	7	1,426,983	1,661,983	1,802,106	635,924	733,592
Income tax	11	(394,660)	(230,965)	(367,535)	(111,535)	(179,482)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>1,032,323</u>	<u>1,431,018</u>	<u>1,434,571</u>	<u>524,389</u>	<u>554,110</u>
Attributable to:						
Owners of the parent		776,518	948,843	1,042,710	370,887	542,405
Non-controlling interests . . .		255,805	482,175	391,861	153,502	11,705
		<u>1,032,323</u>	<u>1,431,018</u>	<u>1,434,571</u>	<u>524,389</u>	<u>554,110</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB)	13	<u>0.23</u>	<u>0.28</u>	<u>0.30</u>	<u>0.11</u>	<u>0.15</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	2,864,832	2,765,098	3,291,929	3,324,538
Right-of-use assets	15	272,194	154,298	118,210	107,208
Intangible assets	16	10,690	7,576	6,647	4,945
Investments in associates	17	831,074	764,491	700,320	969,900
Prepayment for non-current assets . .	20	821	2,823	–	–
Financial assets at fair value					
through profit or loss	21	214,341	189,167	158,815	149,387
Deferred tax assets	29	797,566	1,350,795	1,385,659	1,447,468
Total non-current assets		4,991,518	5,234,248	5,661,580	6,003,446
CURRENT ASSETS					
Inventories	18	11,441,263	16,149,044	18,262,420	20,962,910
Trade and notes receivables	19	5,142,755	6,399,198	5,584,825	6,390,255
Prepayments, other receivables and other assets	20	13,748,287	15,469,602	20,800,497	24,000,703
Financial assets at fair value					
through profit or loss	21	261,996	411,573	1,168,397	3,989,723
Restricted cash	22	40,152	27,760	26,978	36,748
Pledged short-term deposits	22	6,304,581	4,502,287	3,496,749	4,674,729
Cash and cash equivalents	22	3,157,974	4,225,866	3,445,485	6,267,035
Derivative financial instruments . .	26	1,072,081	890,998	724,360	770,059
Total current assets		41,169,089	48,076,328	53,509,711	67,092,162
CURRENT LIABILITIES					
Lease liabilities	15	78,546	31,879	26,312	22,389
Trade and notes payables	23	7,218,507	7,784,394	6,928,439	8,069,182
Other payables, accruals and other current liabilities	24	3,898,505	5,489,018	4,173,413	4,687,879
Contract liabilities	25	4,954,060	6,312,779	7,498,509	10,917,530
Derivative financial instruments . .	26	924,143	682,283	1,573,874	444,239
Interest-bearing loans and other borrowings	27	19,010,339	21,687,052	25,638,321	34,824,584
Tax payable		230,494	510,276	278,416	247,253
Total current liabilities		36,314,594	42,497,681	46,117,284	59,213,056
NET CURRENT ASSETS		4,854,495	5,578,647	7,392,427	7,879,106
TOTAL ASSETS LESS CURRENT LIABILITIES					
		9,846,013	10,812,895	13,054,007	13,882,552

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		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Lease liabilities	15	86,073	54,773	33,641	23,672
Interest-bearing loans and borrowings	27	460,196	488,300	440,000	440,000
Provision	28	80,533	209,166	18,600	40,525
Deferred tax liabilities	29	412	24,562	45,779	33,257
Total non-current liabilities		627,214	776,801	538,020	537,454
Net assets		9,218,799	10,036,094	12,515,987	13,345,098
EQUITY					
Share capital	30	3,387,453	3,387,453	3,387,453	3,387,453
Perpetual securities	31	—	—	2,300,000	2,800,000
Reserves	32	2,439,333	2,738,462	3,181,072	3,681,775
Equity attributable to owners of the parent		5,826,786	6,125,915	8,868,525	9,869,228
Non-controlling interests		3,392,013	3,910,179	3,647,462	3,475,870
Total equity		9,218,799	10,036,094	12,515,987	13,345,098

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Retained earnings*	Equity attributable to owners of the parent		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	3,387,453	497,319	517,109	1,395,557	5,797,438	1,851,872	7,649,310
Profit for the year	–	–	–	776,518	776,518	255,805	1,032,323
Total comprehensive income for the year	–	–	–	776,518	776,518	255,805	1,032,323
Profit appropriation to statutory surplus reserve	–	–	92,246	(92,246)	–	–	–
Dividends recognised as distributions	–	–	–	(747,272)	(747,272)	–	(747,272)
Capital contribution from non-controlling shareholders	–	–	–	–	–	1,598,641	1,598,641
Dividends declared to non-controlling shareholders	–	–	–	–	–	(255,846)	(255,846)
Purchase of additional interests in subsidiaries	–	102	–	–	102	(58,459)	(58,357)
At 31 December 2023	3,387,453	497,421	609,355	1,332,557	5,826,786	3,392,013	9,218,799

Attributable to owners of the parent

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Five months ended 31 May 2026

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	General reserve*	Retained earnings*	Perpetual securities	Equity attributable to owners of the parent	
	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	3,387,453	490,857	739,160	–	1,951,055	2,300,000	8,868,525	12,515,987
Profit for the period	–	–	–	–	542,405	–	542,405	554,110
Total comprehensive income for the period	–	–	–	–	542,405	–	542,405	554,110
Profit appropriation to statutory surplus reserve	–	–	16,687	–	(16,687)	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	29,400
Withdrawal of capital to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	(148,695)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	(73,529)
Issuance of Perpetual securities	–	(580)	–	–	–	500,000	499,420	499,420
Interest on perpetual securities recognised as distribution	–	–	–	–	(41,122)	–	(41,122)	(41,122)
Acquisition of subsidiaries	–	–	–	–	–	–	–	9,527
At 31 May 2026	3,387,453	490,277	755,847	–	2,435,651	2,800,000	9,869,228	13,345,098

* These reserve accounts comprise the consolidated reserves of RMB2,439,333,000, RMB2,738,462,000, RMB3,181,072,000 and RMB3,681,775,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 31 May 2026.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)						
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		1,426,983	1,661,983	1,802,106	635,924	733,592
Adjustments for:						
Share of net profits of associates . .	17	(80,337)	(64,440)	(52,814)	(18,462)	(46,334)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets		271,681	220,013	170,366	81,248	101,223
Loss/(gain) from financial assets at fair value through profit or loss .		(105,828)	(89,477)	(313,104)	(34,859)	125,639
Unrealised gain or loss from derivative financial instruments not designated for hedge accounting		(1,337,479)	380,544	(1,239,503)	(11,808)	(740,883)
Unrealised gain or loss on fair value hedge of commodity firm commitments and inventories . . .		9,107	800,793	(221,532)	214,653	(123,156)
Impairment/(reversal of impairment) of trade and notes receivables . . .		(68,025)	(193,956)	152,921	(5,795)	50,682
Impairment/(reversal of impairment) of prepayments, other receivables and other assets		(3,230)	50,788	6,750	1,602	3,714
Provision for impairment of inventories	7	488,302	531,851	722,022	1,316,737	477,240
Loss/(gain) on onerous contracts . .		(414,138)	141,558	(190,566)	(209,166)	21,925
Gain on acquisition of a subsidiary .		(99)	(1,061)	–	–	(2,692)
Gain on disposal of a subsidiary . .		–	(215)	–	–	–
Loss/(gain) on disposal of items of property, plant and equipment and intangible assets		(1,713)	82,556	119,397	107,408	(731)
Loss/(gain) on lease modifications and early termination		6,361	(1,429)	7,779	–	(3,530)
Interest expense		934,933	937,486	753,638	333,460	351,155
		1,126,518	4,456,994	1,717,460	2,410,942	947,844

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<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>				
Decrease/(increase) in trade and notes receivables	2,715,939	(817,375)	661,452	(539,374)	(856,112)
Decrease/(increase) in prepayments, other receivables and other assets	1,796,239	(1,680,522)	(4,340,995)	(2,642,781)	(2,892,692)
Increase in inventories	(1,724,971)	(4,272,904)	(2,427,695)	(3,683,769)	(3,413,622)
Decrease/(increase) in restricted cash	–	12,392	782	(28,217)	(9,770)
Increase in pledged short-term deposits	(944,814)	(124,133)	(348,471)	(1,473,369)	(577,205)
Increase/(decrease) in trade and notes payables	(1,599,378)	4,013	(855,955)	5,201,899	1,109,061
Increase/(decrease) in contract liabilities	(998,433)	799,096	1,185,730	3,728,722	3,412,501
Increase in other payables, accruals and other current liabilities	451,225	260,794	237,619	71,159	266,400
Decrease in provision	–	(24,080)	–	–	–
Cash generated from/(used in) operations	822,325	(1,385,725)	(4,170,073)	3,045,212	(2,013,595)
Income tax paid	(704,784)	(490,654)	(651,654)	(526,416)	(254,881)
Net cash flows generated from/(used in) operating activities	<u>117,541</u>	<u>(1,876,379)</u>	<u>(4,821,727)</u>	<u>2,518,796</u>	<u>(2,268,476)</u>

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<i>Note</i>	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment and intangible assets	(53,075)	(60,130)	(885,032)	(5,507)	(214,326)
Purchases of financial assets at fair value through profit or loss	(211,228)	(169,890)	(839,170)	(1,883,616)	(3,467,266)
Proceeds from disposals of financial assets at fair value through profit or loss	118,066	155,275	340,950	149,242	634,011
Proceeds from disposal of property, plant and equipment and intangible assets	150,033	35,342	185,146	30,643	98,937
Acquisition of subsidiaries	20,829	45,724	–	–	1,789
Withdrawal of investments in associates	–	–	101,433	57,600	22,050
Purchases of shareholdings in associates	(106,500)	(133,237)	(37,840)	(4,900)	(254,960)
Dividends received from associates	20,919	87,124	53,392	20,402	9,664
Proceeds from disposal of a subsidiary	–	35,033	–	–	–
Net cash flows used in investing activities	<u>(60,956)</u>	<u>(4,759)</u>	<u>(1,081,121)</u>	<u>(1,636,136)</u>	<u>(3,170,101)</u>
CASH FLOWS FROM					
FINANCING ACTIVITIES					
New interest-bearing loans and other borrowings	65,370,281	64,175,902	62,603,002	23,253,929	34,710,809
Repayment of interest-bearing loans and other borrowings	(61,067,991)	(62,015,294)	(58,713,901)	(20,213,017)	(25,531,639)
Interest paid	(869,409)	(767,396)	(721,530)	(305,156)	(343,142)
Proceeds from issuance of perpetual securities	–	–	2,300,000	–	500,000
Payment of issuance fee of perpetual securities	–	–	(2,070)	–	(580)
Lease payments	(217,965)	(88,785)	(44,480)	(16,188)	(15,220)

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Note	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Placement in pledged short-term deposits	(8,531,520)	(5,997,491)	(10,621,932)	(6,393,470)	(5,669,436)
Proceeds from maturity in pledged short-term deposits	5,104,549	8,343,422	11,625,294	7,461,116	5,068,661
Purchase of additional interests in subsidiaries	(58,459)	–	(4,494)	–	–
Dividends paid to non-controlling interests	(206,846)	(309,350)	(454,131)	(319,725)	(187,130)
Dividends paid to shareholders . .	(747,272)	(649,714)	(572,818)	–	–
Loan from related parties	10,350,000	12,740,000	8,200,000	3,200,000	2,000,000
Repayment of loans from related parties	(10,350,000)	(12,740,000)	(8,200,000)	(3,200,000)	(2,000,000)
Capital contribution from non-controlling shareholders	1,560,056	274,039	59,342	48,155	29,400
Withdrawal of investments by non-controlling shareholders . .	–	(49,000)	(146,188)	–	(148,695)
Payment for [REDACTED]	–	–	[REDACTED]	–	[REDACTED]
Net cash flows generated from financing activities	<u>335,424</u>	<u>2,916,333</u>	<u>5,305,094</u>	<u>3,515,644</u>	<u>8,411,627</u>
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	<u>2,712,020</u>	<u>3,157,974</u>	<u>4,225,866</u>	<u>4,225,866</u>	<u>3,445,485</u>
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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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	248,657	240,564	890,996	891,216
Right-of-use assets	15	26,538	15,010	6,144	5,116
Intangible assets	16	4,859	2,772	4,043	3,269
Investments in associates	17	671,420	615,352	632,306	890,202
Prepayment for non-current assets .	20	659	1,214	–	–
Investments in subsidiaries	1	5,458,419	6,077,975	6,537,965	6,545,978
Financial assets at fair value					
through profit or loss	21	127,346	117,064	97,810	96,324
Deferred tax assets	29	143,438	411,296	348,629	340,049
Total non-current assets		6,681,336	7,481,247	8,517,893	8,772,154
CURRENT ASSETS					
Inventories	18	4,505,619	6,405,426	6,892,257	7,695,147
Trade and notes receivables	19	2,420,901	4,016,460	1,973,227	1,747,795
Prepayments, other receivables and other assets	20	9,232,864	8,830,198	16,195,749	19,140,238
Financial assets at fair value					
through profit or loss	21	19,994	–	–	1,340,180
Restricted cash	22	16,072	16,072	9	9
Pledged short-term deposits	22	3,699,859	2,757,207	2,251,077	2,999,717
Cash and cash equivalents	22	1,463,562	1,654,019	2,160,228	3,409,144
Derivative financial instruments . .	26	52,159	159,921	106,352	215,035
Total current assets		21,411,030	23,839,303	29,578,899	36,547,265
CURRENT LIABILITIES					
Lease liabilities	15	11,570	7,282	4,118	4,316
Trade and notes payables	23	9,522,656	10,464,296	11,201,152	13,570,274
Other payables, accruals and other current liabilities	24	3,413,088	3,842,153	3,868,273	4,083,390
Contract liabilities	25	2,774,131	3,692,051	4,865,556	4,538,860
Derivative financial instruments . .	26	78,801	12,455	118,791	25,180
Interest-bearing loans and other borrowings	27	6,131,400	6,937,245	9,448,601	13,899,864
Tax payable		–	31,758	29,386	10,288
Total current liabilities		21,931,646	24,987,240	29,535,877	36,132,172
NET CURRENT					
(LIABILITIES)/ASSETS		(520,616)	(1,147,937)	43,022	415,093
TOTAL ASSETS LESS CURRENT					
LIABILITIES		6,160,720	6,333,310	8,560,915	9,187,247

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		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Lease liabilities	15	11,130	3,541	—	683
Interest-bearing loans and borrowings	27	460,000	488,300	440,000	440,000
Provision	28	226	170,671	1,500	2,001
Deferred tax liabilities	29	—	2,300	824	809
Total non-current liabilities		471,356	664,812	442,324	443,493
Net assets		5,689,364	5,668,498	8,118,591	8,743,754
EQUITY					
Share capital	30	3,387,453	3,387,453	3,387,453	3,387,453
Perpetual securities	31	—	—	2,300,000	2,800,000
Reserves	32	2,301,911	2,281,045	2,431,138	2,556,301
Total equity		5,689,364	5,668,498	8,118,591	8,743,754

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Company name	Place and date of registration and place of operations	Nominal value of issued ordinary/register share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
		'000			
Hangzhou CIEC Hanjia Trading Co., Ltd. (杭州熱聯漢佳商貿有限公司) (note)*	PRC/Chinese mainland 27 December 2013	RMB81,831	100.00%	–	Commodity trading
Hangzhou CIEC Anzhi Technology Co., Ltd. (杭州熱聯安智科技服務有限公司) (note)*	PRC/Chinese mainland 8 February 2021	RMB1,582,174	51.00%	–	Leasing and commodity trading
Zhejiang Hanglian Steel Co. Ltd. (浙江杭聯鋼鐵有限公司) (note)*	PRC/Chinese mainland 10 July 2006	RMB80,000	100.00%	–	Commodity trading
Shanghai CIEC Iron and Steel Trade Co. Ltd. (上海熱聯鋼鐵貿易有限公司) (note)*	PRC/Chinese mainland 13 March 2009	RMB56,750	100.00%	–	Commodity trading

Note:

The statutory financial statements of these entities for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Lixin Zhonglian Certified Public Accountants LLP (“立信中聯會計師事務所(特殊普通合夥)”), certified public accountants registered in the PRC.

The statutory financial statements of these entities for the years ended 31 December 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Beijing Xinghua Certified Public Accountants LLP (“北京興華會計師事務所(特殊普通合夥)”), certified public accountants registered in the PRC.

No audited financial statements have been prepared for these entities for the five months ended 31 May 2026.

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

The Company

The carrying amounts of the Company’s investments in subsidiaries are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	5,458,419	6,077,975	6,537,965	6,545,978
Provision for impairment	–	–	–	–
Total	<u>5,458,419</u>	<u>6,077,975</u>	<u>6,537,965</u>	<u>6,545,978</u>

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2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments, debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

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HKFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>

- 1 Effective for annual/reporting periods beginning on or after 1 January 2027
- 2 No mandatory effective date yet determined but available for adoption
- 3 Effective for annual/reporting periods beginning on 1 January 2029

The Group is in the process of making a detailed assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended HKFRS Accounting Standards, except for HKFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of HKFRS 18 on the Group’s financial information.

2.3 Material Accounting Policy Information

Investments in associates

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

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

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

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

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Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

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

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

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

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

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

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

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Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

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- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	20 to 50 years	5%
Machinery and equipment	5 to 10 years	5%
Motor vehicles	4 to 10 years	5%
Computer and office equipment	3 to 10 years	5%
Operating lease assets	5 or 20 years	20% or 30%
Leasehold improvements	3 to 5 years	0%

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	2 to 10 years
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Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Buildings	2 to 10 years
Plant and machinery	2 to 4 years

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Trade receivables containing provisional pricing features are exposed to future movements in market prices, which have contractual cash flow characteristics that are not solely payments of principal and interest and are therefore measured at fair value through profit or loss. This requires an assessment of the exposure of the underlying trade receivable to future movements in market prices at the date of initial recognition of such receivable. For those receivables that are not exposed to future movements in market prices, a further assessment of the business model for managing the receivables is required to determine the appropriate classification and measurement. The business model pertaining to those receivables that do not contain provisional pricing features is to hold the assets to collect the contractual cash flows and as such, these financial assets are classified as at “amortised cost”.

Derecognition of financial assets

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

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

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

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

Standard warehouse receipts

If the Group frequently enters into contracts to purchase and sell standard warehouse receipts for the purpose of generate a profit from short-term fluctuation in price without taking delivery or picking up the underlying commodities, such contracts for buying and selling standard warehouse receipts are not entered into for the purpose of receipt or delivery non-financial items in accordance with the entity’s expected purchase, sales, or usage requirements and accordingly accounted for as financial instruments. Standard warehouse receipts held by the Group at the end of the reporting period are measured at fair value with gain or loss recognised as other income and gains and other expenses.

If the Group enters into contracts to purchase and sell standard warehouse receipts for the purpose of receipt or delivery non-financial items in accordance with the entity’s expected purchase, sales, or usage requirements, such contracts will take delivery or pick up the underlying commodities and accordingly recognised as inventories.

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

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

The Group’s financial liabilities include trade and notes payables, other payables, other current liabilities, interest-bearing loans and other borrowings and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative financial instruments and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency forward, foreign currency options, forward currency futures, commodity futures and commodity options in the daily operation. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Classification as equity and financial liabilities

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

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

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

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Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other gains or other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss as other gains or other expenses.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss as other gains or other expenses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the individual or weighted average basis, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

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

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

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

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

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

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

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of goods

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

Variable consideration

The Group has certain sales where the contract terms for the Group’s certain products sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses such pricing to be a variable consideration and recognises revenue at a most likely amount. The Group 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 to provide the weight and inspection results at the port of loading. This amount is based on the most recently determined estimate of product assays. The Group applies judgement regarding the likelihood of significant reversals to ensure that revenue is only recognised to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognised as revenue.

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Contracts with provisional pricing terms

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 recognised 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. The fair value of final sales adjustment is re-estimated continuously and change in fair value are presented as an adjustment to revenue.

(b) Rendering of services

The services rendered include supply chain services and consulting services, etc. Should any of the following conditions be satisfied, the services provided by the Group are performance obligations fulfilled within a certain period of time. The Group’s recognises revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) the customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) the customer is able to control the products under construction during the Group’s performance; and (3) the Group’s products have no alternative uses, and the Group have the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, the Group’s recognise revenue at the point the customer obtains control of the relevant services.

Revenue from other sources

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

Other income

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

Dividend income is recognised when the shareholders’ right to receive the payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

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

Other employee benefits

Pension scheme

The employees of the Company and the Group’s subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Where the employee benefit costs are paid by the shareholders or related parties, such costs are only recorded by the Group to the extent that the Group is liable to settle.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

The functional currencies of all overseas subsidiaries are RMB.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Gross versus net revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as a principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgement and is based on an evaluation of the terms of the arrangement. The Group is considered a principal if it controls a promised good or service before transferring that good or service to the customer. The Group considers several factors to determine if it controls the good or service and therefore is the principal. These factors include: (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (b) whether the Group has inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) whether the Group has discretion in establishing price for the specified good or service.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Onerous contract

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type, and coverage by letters of credit).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and note receivables is disclosed in note 19 to the financial statements.

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Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management’s judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that includes primarily the commodity trading. Management monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Chinese mainland	207,704,586	238,766,715	226,624,519	93,406,679	94,248,472
Other countries/regions . .	44,427,849	31,863,229	43,854,488	16,052,127	16,244,514
Total	<u>252,132,435</u>	<u>270,629,944</u>	<u>270,479,007</u>	<u>109,458,806</u>	<u>110,492,986</u>

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(b) *Non-current assets*

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese mainland	3,926,695	3,470,162	3,580,094	3,687,805
Other countries/regions	52,916	224,124	537,012	718,786
Total	<u>3,979,611</u>	<u>3,694,286</u>	<u>4,117,106</u>	<u>4,406,591</u>

The non-current asset information of the operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

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

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<i>Revenue from contracts</i>					
<i>with customers</i>	251,413,992	270,249,214	270,192,081	109,357,725	110,351,960
<i>Revenue from other</i>					
<i>sources</i>					
Rental income	718,443	380,730	286,926	101,081	141,026
Total	<u>252,132,435</u>	<u>270,629,944</u>	<u>270,479,007</u>	<u>109,458,806</u>	<u>110,492,986</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

Types of goods or services

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of commodities	250,481,984	269,788,789	269,823,448	109,228,164	110,242,474
Others	932,008	460,425	368,633	129,561	109,486
Total	<u>251,413,992</u>	<u>270,249,214</u>	<u>270,192,081</u>	<u>109,357,725</u>	<u>110,351,960</u>

Timing of revenue recognition

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At a point in time	251,335,126	269,965,106	269,862,299	109,235,839	110,248,977
Over time	78,866	284,108	329,782	121,886	102,983
Total	<u>251,413,992</u>	<u>270,249,214</u>	<u>270,192,081</u>	<u>109,357,725</u>	<u>110,351,960</u>

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The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025, that were included in the contract liabilities at the beginning of each of the Relevant Periods and the five months ended 31 May 2025, and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting year/period . .	5,952,493	4,954,060	6,312,779	5,685,303	7,111,465

(b) Performance obligations

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

Sale of goods

The performance obligation satisfied upon the transfer of control of the asset to the customer, generally on customers’ acceptance of the products upon delivery or upon the acceptance of goods by customers. Payment is generally made before goods delivery, except for certain customers where payment is due within 180 days from goods delivery.

As at the end of the reporting period, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

6. OTHER INCOME AND GAINS AND OTHER EXPENSES

Note	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Interest income	368,536	280,970	205,759	97,609	55,992
Government grants*	79,584	84,736	181,584	49,761	10,495
Investment income from disposal of financial assets measured at fair value through profit or loss	34,471	77,095	182,228	15,376	156,990
Compensation income . . .	155,595	64,281	75,095	26,669	3,925
Dividends from unlisted equity investments measured at fair value through profit or loss . .	1,826	3,555	2,382	417	11,514
Dividends from financial assets measured at fair value through profit or loss	9,010	648	6,553	142	–
Investment income from disposal of unlisted equity investments designated at fair value through profit or loss . .	–	–	14,683	–	–
Others	32,007	17,625	6,826	4,199	4,520
Total other income	681,029	528,910	675,110	194,173	243,436
Gains					
Net gains on fair value hedge of commodity firm commitments and inventories	41	–	261,814	–	218,868
Net gains from derivative financial instruments not designated for hedge accounting	889,899	1,962,774	2,079,003	2,000,864	–

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Note	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net gains from changes in fair value of unlisted equity investments measured at fair value through profit or loss . .	39,894	6,973	4,924	4,479	–
Net gains from changes in fair value of financial assets measured at fair value through profit or loss	21,315	8,218	18,906	14,445	–
Net gains from standard warehouse receipt trading	9,306	–	–	–	10,294
Foreign exchange gains, net	43,976	3,198	–	–	–
Gain on disposal of property, plant and equipment and intangible assets	1,713	2,614	–	–	731
Total gains	<u>1,006,103</u>	<u>1,983,777</u>	<u>2,364,647</u>	<u>2,019,788</u>	<u>229,893</u>
Total other income and gains	<u>1,687,132</u>	<u>2,512,687</u>	<u>3,039,757</u>	<u>2,213,961</u>	<u>473,329</u>
Other expenses					
Net loss on fair value hedge of commodity firm commitments and inventories	41 (9,107)	(178,557)	–	(338,631)	–
Net loss on derivative financial instruments not designated for hedge accounting	–	–	–	–	(583,595)
Loss on disposal of property, plant and equipment and intangible assets	–	(85,170)	(119,397)	(107,408)	–
Compensation expense . .	(29,888)	(15,175)	(23,352)	(8,555)	(7,393)
Loss on disposal of unlisted equity investments measured at fair value through profit or loss	(688)	(7,012)	–	–	–
Net loss on standard warehouse receipt trading	–	(45,121)	(277,978)	(245,878)	–
Foreign exchange losses, net	–	–	(170,512)	(110,832)	(151,500)
Net loss on changes in fair value of unlisted equity investments measured at fair value through profit or loss . .	–	–	–	–	(9,428)
Net loss on changes in fair value of financial assets measured at fair value through profit or loss	–	–	–	–	(180,433)
Others	(1,395)	(10,742)	(19,848)	(953)	(45)
Total other expenses	<u>(41,078)</u>	<u>(341,777)</u>	<u>(611,087)</u>	<u>(812,257)</u>	<u>(932,394)</u>

Note:

- * The government grants related to income are rewards for the contribution to the local economic growth. These grants related to income are recognised in receipt. There are no unfulfilled conditions or contingencies relating to these grants.

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7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Cost of commodity trading* . . .		248,660,231	268,036,780	268,242,601	109,154,661	108,165,239
Depreciation of property, plant and equipment	14	199,174	167,921	122,941	54,352	85,110
Depreciation of right-of-use assets	15	66,764	48,260	42,729	24,159	14,940
Amortisation of intangible assets	16	5,743	3,832	4,696	2,737	1,173
Employee benefit expense (excluding directors’ and chief executive’s remuneration as set out in note 9):						
Salaries, bonuses, allowances and benefits in kind		931,436	908,997	648,083	226,127	228,053
Pension scheme contributions, social welfare and other welfare**		67,020	74,093	79,770	32,511	41,282
Foreign exchange losses/(gains), net	6	(43,976)	(3,198)	170,512	110,832	151,500
Expense relating to short-term leases		22,203	21,582	27,261	11,231	14,196
Government grants	6	(79,584)	(84,736)	(181,584)	(49,761)	(10,495)
Interest income	6	(368,536)	(280,970)	(205,759)	(97,609)	(55,992)
Provision for impairment of inventories		488,302	531,851	722,022	1,316,737	477,240
Loss on disposal of property, plant and equipment and intangible assets	6	–	85,170	119,397	107,408	–
Impairment losses under expected credit loss model, net of reversal		(71,255)	(143,168)	159,671	(4,193)	54,396
Interest on bank and other borrowings	8	909,466	916,326	735,398	331,674	350,235
Gain on disposal of property, plant and equipment and intangible assets	6	(1,713)	(2,614)	–	–	(731)
Net losses/(gains) from derivative financial instruments not designated for hedge accounting	6	(889,899)	(1,962,774)	(2,079,003)	(2,000,864)	583,595
Net losses/(gains) on fair value hedge of commodity firm commitments and inventories	6	9,107	178,557	(261,814)	338,631	(218,868)
Net losses/(gains) from standard warehouse receipt trading	6	(9,306)	45,121	277,978	245,878	(10,294)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

* The amounts disclosed for cost of commodity trading include the provision for impairment of inventories.

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

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	909,466	916,326	735,398	331,674	350,235
Interest on lease liabilities	10,738	5,851	3,361	1,786	920
Others	14,729	15,309	14,879	—	—
Total	<u>934,933</u>	<u>937,486</u>	<u>753,638</u>	<u>333,460</u>	<u>351,155</u>

9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

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

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	4,161	3,883	4,398	1,570	1,791
Pension scheme contributions	37	47	71	25	33
Total	<u>4,198</u>	<u>3,930</u>	<u>4,469</u>	<u>1,595</u>	<u>1,824</u>

(a) Independent non-executive director

The fees paid to independent non-executive director during the Relevant Periods and the five months ended 31 May 2025 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Yang Yongming	—	—	—	—	—

Mr. Yang Yongming was appointed as an independent non-executive director in January 2022.

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

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(b) Executive directors and non-executive directors

		Year ended 31 December 2023		
	Notes	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
		RMB'000	RMB'000	RMB'000
Executive director:				
Mr. Lyu Yonghong	(i)	4,161	37	4,198
Non-executive directors:				
Mr. Shi Jianjun	(ii)	—	—	—
Mr. Zhang Yunchun	(iii)	—	—	—
Total		4,161	37	4,198

		Year ended 31 December 2024		
	Notes	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
		RMB'000	RMB'000	RMB'000
Executive director:				
Mr. Lyu Yonghong	(i)	3,883	47	3,930
Non-executive directors:				
Mr. Shi Jianjun	(ii)	—	—	—
Mr. Zhang Yunchun	(iii)	—	—	—
Total		3,883	47	3,930

		Year ended 31 December 2025		
	Notes	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
		RMB'000	RMB'000	RMB'000
Executive director:				
Mr. Lyu Yonghong	(i)	3,880	49	3,929
Non-executive directors:				
Mr. Shi Jianjun	(ii)	—	—	—
Mr. Zhang Yunchun	(iii)	—	—	—
Ms. Lu Min	(iv)	—	—	—
Dr. Fang Xu	(v)	—	—	—
Ms. Wang Wenjun	(vi)	518	22	540
Total		4,398	71	4,469

		Five months ended 31 May 2025		
	Notes	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
		RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Executive director:				
Mr. Lyu Yonghong	(i)	1,484	20	1,504
Non-executive directors:				
Mr. Shi Jianjun	(ii)	—	—	—
Mr. Zhang Yunchun	(iii)	—	—	—
Ms. Lu Min	(iv)	—	—	—
Dr. Fang Xu	(v)	—	—	—
Ms. Wang Wenjun	(vi)	86	5	91
Total		1,570	25	1,595

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		Five months ended 31 May 2026		
	Notes	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total
		RMB'000	RMB'000	RMB'000
Executive director:				
Mr. Lyu Yonghong	(i)	1,457	21	1,478
Non-executive directors:				
Mr. Shi Jianjun	(ii)	–	–	–
Mr. Zhang Yunchun	(iii)	–	–	–
Ms. Lu Min	(iv)	–	–	–
Dr. Fang Xu	(v)	–	–	–
Ms. Wang Wenjun	(vi)	334	12	346
Total		1,791	33	1,824

Notes:

- (i) Mr. Lyu Yonghong was appointed as an executive director and the president of the Company in May 2015 and December 2015, respectively.
- (ii) Mr. Shi Jianjun was appointed as a non-executive director in January 2022.
- (iii) Mr. Zhang Yunchun was appointed as a non-executive director in January 2022.
- (iv) Ms. Lu Min was appointed as a non-executive director in March 2025.
- (v) Dr. Fang Xu was appointed as a non-executive director in April 2025.
- (vi) Ms. Wang Wenjun was appointed as a non-executive director in April 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026 included one, one, one, one and one director, respectively, details of whose remuneration are set out in note 9 above. Details of the remaining four highest paid employees who were not directors of the Group during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, respectively, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	13,895	14,035	15,017	6,238	6,305
Pension scheme contributions, social welfare and other welfare	128	102	117	49	52
Total	14,023	14,137	15,134	6,287	6,357

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

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025 (unaudited)	2026
HK\$1,500,001 to HK\$2,000,000	—	—	—	4	4
HK\$2,500,001 to HK\$3,000,000	3	—	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	4	1	—	—
HK\$3,500,001 to HK\$4,000,000	—	—	3	—	—
HK\$4,000,001 to HK\$4,500,000	1	—	—	—	—
Total	4	4	4	4	4
	=	=	=	=	=

11. INCOME TAX

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

Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on 1 January 2008, except for the Company and certain of the Group’s PRC subsidiaries which are granted tax concession and are taxed at preferential tax rates.

Pursuant to Caishui [2023] No. 12 “Announcement on the Income Tax Preferential Policies for Small low-profit Enterprises and Self-employed Businesses” (關於進一步支援小微企業和個體工商戶發展有關稅費政策的公告), certain of the Group’s PRC subsidiaries were qualified for small low-profit enterprises and entitled to a preferential income tax rate of 20% applied to 25% of their taxable income generally not exceeding RMB3,000,000 during the Relevant Periods.

Pursuant to Jingweifa [2017] No. 13 “Several Opinions of the CPC Jingning She Autonomous County Committee and the People’s Government of Jingning She Autonomous County on Accelerating the Development of Headquarters Economy” (中共景寧畚族自治縣委景寧畚族自治縣人民政府關於加快總部經濟發展的若干意見), certain of the Group’s subsidiaries were exempted from the local portion of the enterprise income tax (i.e., 40% of the statutory rate) from 19 April 2017.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to income tax under the two-tiered profits tax rates regime on the estimated assessable profits arising in Hong Kong during the Relevant Periods. The first HKD2.0 million of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Singapore

Pursuant to the rules and regulations of Singapore, the subsidiary of the Group in Singapore is subject to 17% of their taxable income.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception from recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current income tax when incurred. Pillar Two legislation has been enacted or substantially enacted and in effect as at 31 May 2026 in certain jurisdictions in which the Group operates.

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The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group during the five months ended 31 May 2026. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for most of the jurisdictions in which the Group operates. As such, the Group does not expect to have any material Pillar Two exposure. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current – Chinese mainland	201,375	538,707	287,431	215,674	144,306
Current – Elsewhere	77,176	163,439	93,751	19,696	109,507
Deferred	116,109	(471,181)	(13,647)	(123,835)	(74,331)
Total tax charge for the year/period	<u>394,660</u>	<u>230,965</u>	<u>367,535</u>	<u>111,535</u>	<u>179,482</u>

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

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax . .	1,426,983	1,661,983	1,802,106	635,924	733,592
Tax at the income tax rate of 25%	356,746	415,496	450,527	158,981	183,398
Effect of preferential income tax rates applicable to subsidiaries	(74,837)	(77,201)	1,220	(23,384)	8,563
Effect of tax rate differences in other jurisdictions	(35,379)	(87,756)	(19,558)	(8,863)	(70,252)
Expenses not deductible for tax	29,182	19,432	21,967	8,070	10,938
Income not subject to tax .	(33,151)	(25,399)	(53,852)	(6,533)	(14,542)
Recognition of deferred tax assets on tax losses and deductible temporary differences previously not recognised	(2,353)	(72,549)	(6,726)	(8,405)	(8,598)
Adjustments in respect of current income tax of previous periods	32,905	24,821	16,731	(8,331)	13,055
Effect of withholding tax on the distributable profit of foreign subsidiaries of the Company	121,547	31,757	29,386	–	–
Reversal of deferred tax assets on tax losses and deductible temporary differences previously recognised	–	–	–	–	56,920
Effect on opening deferred tax of change in rates . .	–	2,364	(72,160)	–	–
Total tax charge for the year/period	<u>394,660</u>	<u>230,965</u>	<u>367,535</u>	<u>111,535</u>	<u>179,482</u>

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12. DIVIDENDS

On 28 November 2023, a dividend of RMB0.2206 per share, amounting to a total of approximately RMB747,272,000, was declared in the general meeting. The dividend was fully paid as at 29 December 2023.

On 18 November 2024, a dividend of RMB0.1918 per share, amounting to a total of approximately RMB649,714,000, was declared in the general meeting. The dividend was fully paid as at 19 December 2024.

On 20 November 2025, a dividend of RMB0.1691 per share, amounting to a total of approximately RMB572,818,000, was declared in the general meeting. The dividend was fully paid as at 29 December 2025.

No dividends were declared by the Company during the five months ended 31 May, 2025 and 2026.

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

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

The Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2025.

The calculations of basic earnings per share are based on:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings					
Profit attributable to owners of the parent	776,518	948,843	1,042,710	370,887	542,405
Less: Net profit attributable to other equity instruments holders	—	—	20,718	—	19,864
Net profit attributable to ordinary shareholders	<u>776,518</u>	<u>948,843</u>	<u>1,021,992</u>	<u>370,887</u>	<u>522,541</u>
Basic earnings per share (RMB)	<u>0.23</u>	<u>0.28</u>	<u>0.30</u>	<u>0.11</u>	<u>0.15</u>
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Shares					
Weighted average number of ordinary shares used in the basic earnings per share calculation ('000)	<u>3,387,453</u>	<u>3,387,453</u>	<u>3,387,453</u>	<u>3,387,453</u>	<u>3,387,453</u>

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	365,283	82,300	17,865	31,056	2,971,093	39,367	3,099	3,510,063
Accumulated depreciation . .	(86,835)	(11,460)	(11,989)	(21,390)	(197,956)	(12,084)	–	(341,714)
Accumulated impairment . . .	–	–	–	–	(223,566)	–	–	(223,566)
Net carrying amount	<u>278,448</u>	<u>70,840</u>	<u>5,876</u>	<u>9,666</u>	<u>2,549,571</u>	<u>27,283</u>	<u>3,099</u>	<u>2,944,783</u>
At 1 January 2023, net of accumulated depreciation and impairment	278,448	70,840	5,876	9,666	2,549,571	27,283	3,099	2,944,783
Additions	–	825	927	4,489	126,469	11,570	1,587	145,867
Acquisition of a subsidiary . .	–	–	–	137	–	74	–	211
Transfer	–	2,806	6	35	–	–	(4,157)	(1,310)
Depreciation provided during the year	(11,351)	(8,969)	(2,275)	(4,346)	(155,900)	(16,333)	–	(199,174)
Disposals	(328)	–	(430)	(996)	(23,791)	–	–	(25,545)
At 31 December 2023, net of accumulated depreciation and impairment	<u>266,769</u>	<u>65,502</u>	<u>4,104</u>	<u>8,985</u>	<u>2,496,349</u>	<u>22,594</u>	<u>529</u>	<u>2,864,832</u>
At 31 December 2023:								
Cost	364,955	85,931	17,199	33,281	3,079,790	38,927	529	3,620,612
Accumulated depreciation . .	(98,186)	(20,429)	(13,095)	(24,296)	(360,034)	(16,333)	–	(532,373)
Accumulated impairment . . .	–	–	–	–	(223,407)	–	–	(223,407)
Net carrying amount	<u>266,769</u>	<u>65,502</u>	<u>4,104</u>	<u>8,985</u>	<u>2,496,349</u>	<u>22,594</u>	<u>529</u>	<u>2,864,832</u>
	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating Lease Assets	Leasehold Improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost	364,955	85,931	17,199	33,281	3,079,790	38,927	529	3,620,612
Accumulated depreciation . .	(98,186)	(20,429)	(13,095)	(24,296)	(360,034)	(16,333)	–	(532,373)
Accumulated impairment . . .	–	–	–	–	(223,407)	–	–	(223,407)
Net carrying amount	<u>266,769</u>	<u>65,502</u>	<u>4,104</u>	<u>8,985</u>	<u>2,496,349</u>	<u>22,594</u>	<u>529</u>	<u>2,864,832</u>
At 1 January 2024, net of accumulated depreciation and impairment	266,769	65,502	4,104	8,985	2,496,349	22,594	529	2,864,832
Additions	–	1	626	1,692	150,034	5,194	–	157,547
Acquisition of a subsidiary . .	–	58	876	413	–	714	–	2,061
Transfer	–	–	–	–	–	–	(529)	(529)
Depreciation provided during the year	(11,384)	(8,513)	(1,856)	(3,539)	(131,028)	(11,601)	–	(167,921)
Disposals	(126)	(977)	(795)	(184)	(88,566)	(17)	–	(90,665)
Disposals of a subsidiary . . .	–	–	–	(227)	–	–	–	(227)
At 31 December 2024, net of accumulated depreciation and impairment	<u>255,259</u>	<u>56,071</u>	<u>2,955</u>	<u>7,140</u>	<u>2,426,789</u>	<u>16,884</u>	<u>–</u>	<u>2,765,098</u>

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ACCOUNTANT’S REPORT

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating Lease Assets	Leasehold Improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024:								
Cost	364,816	84,395	14,940	34,467	3,133,884	28,957	–	3,661,459
Accumulated depreciation . . .	(109,557)	(28,324)	(11,985)	(27,327)	(483,886)	(12,073)	–	(673,152)
Accumulated impairment . . .	–	–	–	–	(223,209)	–	–	(223,209)
Net carrying amount	<u>255,259</u>	<u>56,071</u>	<u>2,955</u>	<u>7,140</u>	<u>2,426,789</u>	<u>16,884</u>	<u>–</u>	<u>2,765,098</u>

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

31 December 2025

At 1 January 2025:

Cost	364,816	84,395	14,940	34,467	3,133,884	28,957	–	3,661,459
Accumulated depreciation . . .	(109,557)	(28,324)	(11,985)	(27,327)	(483,886)	(12,073)	–	(673,152)
Accumulated impairment . . .	–	–	–	–	(223,209)	–	–	(223,209)
Net carrying amount	<u>255,259</u>	<u>56,071</u>	<u>2,955</u>	<u>7,140</u>	<u>2,426,789</u>	<u>16,884</u>	<u>–</u>	<u>2,765,098</u>

At 1 January 2025, net of accumulated depreciation and impairment

and impairment	255,259	56,071	2,955	7,140	2,426,789	16,884	–	2,765,098
Additions	675,586	77	1,335	1,203	215,986	2,413	20,070	916,670
Transfer	6,895	8,284	116	4,775	–	–	(20,070)	–

Depreciation provided during the year

Disposals	–	(13,606)	(59)	(387)	(252,846)	–	–	(266,898)
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At 31 December 2025, net of accumulated depreciation and impairment

	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2025:								
Cost	1,047,297	67,056	16,215	36,684	2,995,553	19,297	–	4,182,102
Accumulated depreciation . .	(121,195)	(24,858)	(12,660)	(26,500)	(495,859)	(8,131)	–	(689,203)
Accumulated impairment . . .	–	–	–	–	(200,970)	–	–	(200,970)
Net carrying amount	<u>926,102</u>	<u>42,198</u>	<u>3,555</u>	<u>10,184</u>	<u>2,298,724</u>	<u>11,166</u>	<u>–</u>	<u>3,291,929</u>

Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

31 May 2026

At 1 January 2026:

1,047,297	67,056	16,215	36,684	2,995,553	19,297	4,182,102
(121,195)	(24,858)	(12,660)	(26,500)	(495,859)	(8,131)	(689,203)
–	–	–	–	(200,970)	–	(200,970)
926,102	42,198	3,555	10,184	2,298,724	11,166	3,291,929

At 1 January 2026, net of accumulated depreciation and impairment

and impairment	926,102	42,198	3,555	10,184	2,298,724	11,166	3,291,929
Additions	12,898	295	604	426	191,470	8,633	214,326
Acquisition of a subsidiary . .	—	950	63	57	—	—	1,070

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	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation provided during the period	(18,550)	(2,870)	(321)	(848)	(57,213)	(5,308)	(85,110)
Disposals	—	(55)	—	—	(97,622)	—	(97,677)
At 31 May 2026, net of accumulated depreciation and impairment	920,450	40,518	3,901	9,819	2,335,359	14,491	3,324,538
At 31 May 2026:							
Cost	1,060,195	68,448	16,939	37,177	3,061,810	19,799	4,264,368
Accumulated depreciation . . .	(139,745)	(27,930)	(13,038)	(27,358)	(528,496)	(5,308)	(741,875)
Accumulated impairment	—	—	—	—	(197,955)	—	(197,955)
Net carrying amount	920,450	40,518	3,901	9,819	2,335,359	14,491	3,324,538

As at 31 May 2026, the Group had not obtained the certificates for certain of the buildings with an aggregate net carrying amount of approximately RMB10,786,000. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group’s financial position as at 31 May 2026.

At 31 December 2023, 2024 and 2025 and 31 May 2026, certain of the Group’s buildings with a net carrying amount of approximately RMB25,134,000, RMB24,196,000, RMB13,287,000 and RMB13,094,000 were pledged to secure banking facilities and letter of credit granted to the Group, respectively.

The Company

	Buildings	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	314,902	7,473	16,073	564,633	3,088	906,169
Accumulated depreciation	(66,079)	(6,639)	(12,898)	(13,613)	(1,064)	(100,293)
Accumulated impairment	—	—	—	(110,110)	—	(110,110)
Net carrying amount	248,823	834	3,175	440,910	2,024	695,766
At 1 January 2023, net of accumulated depreciation and impairment	248,823	834	3,175	440,910	2,024	695,766
Additions	—	—	3,238	40,496	4,864	48,598
Depreciation provided during the year . .	(10,027)	(150)	(1,670)	(27,324)	(2,076)	(41,247)
Disposals	(328)	—	(50)	(454,082)	—	(454,460)
At 31 December 2023, net of accumulated depreciation and impairment	238,468	684	4,693	—	4,812	248,657
At 31 December 2023:						
Cost	314,574	7,473	18,317	—	6,888	347,252
Accumulated depreciation	(76,106)	(6,789)	(13,624)	—	(2,076)	(98,595)
Net carrying amount	238,468	684	4,693	—	4,812	248,657

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ACCOUNTANT’S REPORT

	Buildings	Motor vehicles	Computer and office equipment	Operating lease assets	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024:						
Cost	314,574	7,473	18,317	–	6,888	347,252
Accumulated depreciation	(76,106)	(6,789)	(13,624)	–	(2,076)	(98,595)
Net carrying amount	<u>238,468</u>	<u>684</u>	<u>4,693</u>	<u>–</u>	<u>4,812</u>	<u>248,657</u>
At 1 January 2024, net of accumulated depreciation and impairment	238,468	684	4,693	–	4,812	248,657
Additions	–	626	762	617	4,326	6,331
Depreciation provided during the year . .	(10,023)	(240)	(1,646)	–	(1,863)	(13,772)
Disposals	–	(20)	(15)	(617)	–	(652)
At 31 December 2024, net of accumulated depreciation and impairment	<u>228,445</u>	<u>1,050</u>	<u>3,794</u>	<u>–</u>	<u>7,275</u>	<u>240,564</u>
At 31 December 2024:						
Cost	314,574	7,701	18,824	–	9,138	350,237
Accumulated depreciation	(86,129)	(6,651)	(15,030)	–	(1,863)	(109,673)
Net carrying amount	<u>228,445</u>	<u>1,050</u>	<u>3,794</u>	<u>–</u>	<u>7,275</u>	<u>240,564</u>

	Buildings	Motor vehicles	Computer and office equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	314,574	7,701	18,824	9,138	350,237
Accumulated depreciation	(86,129)	(6,651)	(15,030)	(1,863)	(109,673)
Net carrying amount	<u>228,445</u>	<u>1,050</u>	<u>3,794</u>	<u>7,275</u>	<u>240,564</u>
At 1 January 2025, net of accumulated depreciation and impairment	228,445	1,050	3,794	7,275	240,564
Additions	663,665	–	209	434	664,308
Depreciation provided during the year	(10,023)	(278)	(1,363)	(2,089)	(13,753)
Disposals	–	–	(123)	–	(123)
At 31 December 2025, net of accumulated depreciation and impairment	<u>882,087</u>	<u>772</u>	<u>2,517</u>	<u>5,620</u>	<u>890,996</u>
At 31 December 2025:					
Cost	978,239	7,701	16,684	7,709	1,010,333
Accumulated depreciation	(96,152)	(6,929)	(14,167)	(2,089)	(119,337)
Net carrying amount	<u>882,087</u>	<u>772</u>	<u>2,517</u>	<u>5,620</u>	<u>890,996</u>

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	Buildings	Motor vehicles	Computer and office equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2026					
At 1 January 2026:					
Cost	978,239	7,701	16,684	7,709	1,010,333
Accumulated depreciation	(96,152)	(6,929)	(14,167)	(2,089)	(119,337)
Net carrying amount	<u>882,087</u>	<u>772</u>	<u>2,517</u>	<u>5,620</u>	<u>890,996</u>
At 1 January 2026, net of accumulated depreciation and impairment	882,087	772	2,517	5,620	890,996
Additions	19,662	–	111	–	19,773
Depreciation provided during the period	<u>(17,701)</u>	<u>(105)</u>	<u>(519)</u>	<u>(1,228)</u>	<u>(19,553)</u>
At 31 May 2026, net of accumulated depreciation and impairment	<u>884,048</u>	<u>667</u>	<u>2,109</u>	<u>4,392</u>	<u>891,216</u>
At 31 May 2026:					
Cost	997,901	7,701	16,795	5,620	1,028,017
Accumulated depreciation	<u>(113,853)</u>	<u>(7,034)</u>	<u>(14,686)</u>	<u>(1,228)</u>	<u>(136,801)</u>
Net carrying amount	<u>884,048</u>	<u>667</u>	<u>2,109</u>	<u>4,392</u>	<u>891,216</u>

15. LEASES

The Group as a lessee

The Group as a lessee has lease contracts for items of leasehold land, buildings, plant and machinery and electronic and other devices. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings, plant and machinery and electronic and other devices generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leasehold land	Buildings	Plant and machinery	Electronic and other devices	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
As at 1 January 2023	–	168,669	191,807	16	360,492
Additions	59,790	43,263	–	–	103,053
Acquisition of a subsidiary	–	141	–	–	141
Depreciation charge	(100)	(58,848)	(7,804)	(12)	(66,764)
Transfers	–	–	(105,832)	–	(105,832)
Reassessment as a result of lease modifications	–	(215)	–	–	(215)
Early termination	–	(18,681)	–	–	(18,681)
As at 31 December 2023	<u>59,690</u>	<u>134,329</u>	<u>78,171</u>	<u>4</u>	<u>272,194</u>

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	<u>Leasehold land</u>	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and other devices</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024					
As at 1 January 2024	59,690	134,329	78,171	4	272,194
Additions	–	22,107	–	–	22,107
Depreciation charge	(1,235)	(44,882)	(2,139)	(4)	(48,260)
Transfers	–	–	(76,032)	–	(76,032)
Reassessment as a result of lease modifications . . .	–	(615)	–	–	(615)
Early termination	–	(15,096)	–	–	(15,096)
As at 31 December 2024 .	<u>58,455</u>	<u>95,843</u>	<u>–</u>	<u>–</u>	<u>154,298</u>

<u>Leasehold land</u>	<u>Buildings</u>	<u>Total</u>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

31 December 2025			
As at 1 January 2025	58,455	95,843	154,298
Additions	–	24,492	24,492
Depreciation charge	(1,241)	(41,488)	(42,729)
Reassessment as a result of lease modifications .	–	(9,595)	(9,595)
Early termination	–	(8,256)	(8,256)
As at 31 December 2025	<u>57,214</u>	<u>60,996</u>	<u>118,210</u>

<u>Leasehold land</u>	<u>Buildings</u>	<u>Total</u>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

31 May 2026			
As at 1 January 2026	57,214	60,996	118,210
Additions	–	11,649	11,649
Depreciation charge	(518)	(14,422)	(14,940)
Reassessment as a result of lease modifications .	–	(6,526)	(6,526)
Early termination	–	(1,185)	(1,185)
As at 31 May 2026	<u>56,696</u>	<u>50,512</u>	<u>107,208</u>

The Company

Buildings

RMB'000

31 December 2023	
As at 1 January 2023	28,379
Additions	9,218
Depreciation charge	(10,806)
Reassessment as a result of lease modifications	174
Early termination	(427)
As at 31 December 2023	<u>26,538</u>

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	Buildings
	<i>RMB'000</i>
31 December 2024	
As at 1 January 2024	26,538
Depreciation charge	(11,350)
Reassessment as a result of lease modifications	(178)
As at 31 December 2024	<u>15,010</u>

	Buildings
	<i>RMB'000</i>
31 December 2025	
As at 1 January 2025	15,010
Additions	1,159
Depreciation charge	(9,449)
Reassessment as a result of lease modifications	(368)
Early termination	(208)
As at 31 December 2025	<u>6,144</u>

	Buildings
	<i>RMB'000</i>
31 May 2026	
As at 1 January 2026	6,144
Additions	1,150
Depreciation charge	(2,202)
Reassessment as a result of lease modifications	24
As at 31 May 2026	<u>5,116</u>

(b) Lease liabilities

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

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of year/period	340,991	164,619	86,652	59,953
New leases	43,263	22,107	24,492	11,649
Acquisition of a subsidiary	127	–	–	–
Accretion of interest recognised during the year/period	10,738	5,851	3,361	920
Payments	(217,965)	(88,785)	(44,480)	(15,220)
Reassessment as a result of lease modifications	7,358	(1,410)	(1,219)	(10,021)
Early termination	(19,893)	(15,730)	(8,853)	(1,220)
Carrying amount at the end of year/period	<u>164,619</u>	<u>86,652</u>	<u>59,953</u>	<u>46,061</u>
Current portion	78,546	31,879	26,312	22,389
Non-current portion	<u>86,073</u>	<u>54,773</u>	<u>33,641</u>	<u>23,672</u>

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Included in the Group’s lease liabilities are amounts due from the Group’s related parties of RMB13,035,000, RMB17,222,000, RMB8,333,000 and RMB7,045,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year/period	25,635	22,700	10,823	4,118
New leases	9,218	–	1,159	1,150
Accretion of interest recognised during the year/period	1,188	747	300	77
Payments	(12,926)	(12,148)	(7,536)	(375)
Reassessment as a result of lease modifications	168	(476)	(420)	29
Early termination	(583)	–	(208)	–
Carrying amount at the end of year/period	22,700	10,823	4,118	4,999
Current portion	11,570	7,282	4,118	4,316
Non-current portion	11,130	3,541	–	683

The maturity analysis of lease liabilities is disclosed in note 41 to the Historical Financial Information.

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

The Group

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Expense relating to short-term leases	22,203	21,582	27,261	11,231	14,196
Interest on lease liabilities . . .	10,738	5,851	3,361	1,786	920
Depreciation charge of right-of-use assets	66,623	48,260	42,729	24,159	14,940
Gain on termination of leases . .	(1,211)	(634)	(597)	–	(35)
Total amount recognised in profit or loss	98,353	75,059	72,754	37,176	30,021

The Company

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Expense relating to short-term leases	4,042	2,327	4,427	879	6,491
Interest on lease liabilities . . .	1,188	747	300	179	77
Depreciation charge of right-of-use assets	10,806	11,350	9,449	4,619	2,202
Gain on termination of leases . .	(155)	–	–	–	–
Total amount recognised in profit or loss	15,881	14,424	14,176	5,677	8,770

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(d) The total cash outflow for leases is disclosed in note 35(c) to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group

	Software
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023:	
Cost	38,700
Accumulated depreciation	<u>(23,913)</u>
Net carrying amount	<u>14,787</u>
Cost at 1 January 2023, net of accumulated amortisation	14,787
Additions	1,663
Disposals	(17)
Amortisation provided during the year	<u>(5,743)</u>
At 31 December 2023	<u><u>10,690</u></u>

	Software
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	40,346
Accumulated depreciation	<u>(29,656)</u>
Net carrying amount	<u>10,690</u>
Cost at 1 January 2024, net of accumulated amortisation	10,690
Additions	308
Acquisition of a subsidiary	418
Disposals	(8)
Amortisation provided during the year	<u>(3,832)</u>
At 31 December 2024	<u><u>7,576</u></u>

	Software
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	43,019
Accumulated depreciation	<u>(35,443)</u>
Net carrying amount	<u>7,576</u>
Cost at 1 January 2025, net of accumulated amortisation	7,576
Additions	3,773
Disposals	(6)
Amortisation provided during the year	<u>(4,696)</u>
At 31 December 2025	<u><u>6,647</u></u>

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	Software
	<i>RMB'000</i>
31 May 2026	
At 1 January 2026:	
Cost	45,200
Accumulated depreciation	(38,553)
Net carrying amount	<u>6,647</u>
Cost at 1 January 2026, net of accumulated amortisation	6,647
Disposals	(529)
Amortisation provided during the period	<u>(1,173)</u>
At 31 May 2026	<u><u>4,945</u></u>

The Company

	Software
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023:	
Cost	24,585
Accumulated depreciation	(16,681)
Net carrying amount	<u>7,904</u>
Cost at 1 January 2023, net of accumulated amortisation	7,904
Amortisation provided during the year	<u>(3,045)</u>
At 31 December 2023	<u><u>4,859</u></u>

	Software
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	24,585
Accumulated depreciation	(19,726)
Net carrying amount	<u>4,859</u>
Cost at 1 January 2024, net of accumulated amortisation	4,859
Amortisation provided during the year	<u>(2,087)</u>
At 31 December 2024	<u><u>2,772</u></u>

	Software
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	24,585
Accumulated depreciation	(21,813)
Net carrying amount	<u>2,772</u>
Cost at 1 January 2025, net of accumulated amortisation	2,772
Additions	3,774
Amortisation provided during the year	<u>(2,503)</u>
At 31 December 2025	<u><u>4,043</u></u>

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	Software
	<i>RMB'000</i>
31 May 2026	
At 1 January 2026:	
Cost	27,389
Accumulated depreciation	(23,346)
Net carrying amount	<u>4,043</u>
Cost at 1 January 2026, net of accumulated amortisation	4,043
Amortisation provided during the period	(774)
At 31 May 2026	<u><u>3,269</u></u>

17. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>831,074</u>	<u>764,491</u>	<u>700,320</u>	<u>969,900</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>671,420</u>	<u>615,352</u>	<u>632,306</u>	<u>890,202</u>

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

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of profits of associates	80,337	64,440	52,814	46,334
Aggregate carrying amount of the Group’s investments in the associates	<u>831,074</u>	<u>764,491</u>	<u>700,320</u>	<u>969,900</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of profits of associates	45,345	33,555	35,120	34,635
Aggregate carrying amount of the Company’s investments in the associates	<u>671,420</u>	<u>615,352</u>	<u>632,306</u>	<u>890,202</u>

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18. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	11,929,012	16,749,564	18,984,442	22,162,136
Impairment	(487,749)	(600,520)	(722,022)	(1,199,226)
Total	<u>11,441,263</u>	<u>16,149,044</u>	<u>18,262,420</u>	<u>20,962,910</u>

At 31 December 2023, 2024 and 2025 and 31 May 2026, the balances of inventories in the form of standard warehouse receipts, which were held by the Group for expected sales requirement and pledged by the Group as commodity futures margin deposits, amounted to RMB1,720,923,000, RMB2,665,663,000, RMB847,578,000 and RMB2,103,293,000.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	4,707,601	6,874,659	7,137,952	8,191,470
Impairment	(201,982)	(469,233)	(245,695)	(496,323)
Total	<u>4,505,619</u>	<u>6,405,426</u>	<u>6,892,257</u>	<u>7,695,147</u>

At 31 December 2023, 2024 and 2025 and 31 May 2026, the balances of inventories in the form of standard warehouse receipts, which were held by the Company for expected sales requirement and pledged by the Company as commodity futures margin deposits, amounted to RMB127,806,000, RMB474,663,000, RMB199,888,000 and RMB680,164,000.

19. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December			As at 31 May
	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
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	<u>5,142,755</u>	<u>6,399,198</u>	<u>5,584,825</u>	<u>6,390,255</u>

The Group’s trade terms with its customers are mainly payment in advance, except for certain major customers, where terms are normally on credit. The credit period is generally within 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade and notes receivables relate to diversified customers, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and notes receivables are non-interest-bearing.

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Notes receivable of RMB161,484,000, RMB219,052,000, RMB477,898,000 and RMB1,363,426,000 were classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant as at 2023, 2024 and 2025 and 31 May 2026. The remaining notes receivable of RMB20,551,000, RMB90,948,000, RMB34,207,000 and RMB37,132,000 were measured at amortised cost as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

Included in the Group’s trade and notes receivables were amounts due from the Group’s related parties of RMB48,442,000, RMB58,030,000, RMB1,249,000 and RMB72,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

The Group’s notes receivable were all aged within one year and were not past due.

An ageing analysis of the Group’s trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	4,590,119	5,704,136	4,697,916	4,663,360
1 to 2 years	346,044	289,789	184,424	143,442
2 to 3 years	25,878	94,701	132,727	112,773
Over 3 years	–	8,358	59,537	72,277
Total	<u>4,962,041</u>	<u>6,096,984</u>	<u>5,074,604</u>	<u>4,991,852</u>

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

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period	635,475	568,474	381,544	459,177
Impairment losses, net	(67,001)	(186,930)	158,824	50,411
Amount written off as uncollectible	–	–	(81,191)	–
At end of year/period	<u>568,474</u>	<u>381,544</u>	<u>459,177</u>	<u>509,588</u>

	As at 31 December 2023		
	Carrying amount	Impairment losses	
	RMB’000	RMB’000	Rate
On an individual basis	93,438	62,924	67.34%
On a collective basis	<u>5,437,077</u>	<u>505,550</u>	<u>9.30%</u>
Total	<u>5,530,515</u>	<u>568,474</u>	<u>10.28%</u>

	As at 31 December 2024		
	Carrying amount	Impairment losses	
	RMB’000	RMB’000	Rate
On an individual basis	88,737	59,473	67.02%
On a collective basis	<u>6,389,791</u>	<u>322,071</u>	<u>5.04%</u>
Total	<u>6,478,528</u>	<u>381,544</u>	<u>5.89%</u>

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As at 31 December 2025			
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	29,855	15,924	53.34%
On a collective basis	5,503,926	443,253	8.05%
Total	5,533,781	459,177	8.30%

As at 31 May 2026			
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	18,230	15,012	82.35%
On a collective basis	5,483,210	494,576	9.02%
Total	5,501,440	509,588	9.26%

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed as at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, and any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

The Group

As at 31 December 2023

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.17%	1.00%	10.00%	40.00%	100.00%	12.98%
Gross carrying amount (RMB'000)	1,690,735	658,604	393,618	257,400	273,158	3,273,515
Expected credit losses (RMB'000)	2,830	6,586	39,362	102,960	273,158	424,896

Group B	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	6.95%
Gross carrying amount (RMB'000)	320,928	229,229	22,529	572,686
Expected credit losses (RMB'000)	12,837	22,923	4,055	39,815

Group C	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	6.88%
Gross carrying amount (RMB'000)	423,012	131,745	9,254	564,011
Expected credit losses (RMB'000)	21,151	15,809	1,851	38,811

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Group D	Within 1 year
Expected credit loss rate	0.20%
Gross carrying amount (RMB’000)	1,014,072
Expected credit losses (RMB’000)	<u>2,028</u>

Group E	Within 1 year	1 to 2 years	Total
Expected credit loss rate	0.00%	0.00%	0.00%
Gross carrying amount (RMB’000)	10,521	2,272	12,793
Expected credit losses (RMB’000)	<u>—</u>	<u>—</u>	<u>—</u>

As at 31 December 2024

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.17%	1.00%	10.00%	40.00%	100.00%	6.14%
Gross carrying amount (RMB’000)	2,430,062	938,810	247,441	135,698	146,689	3,898,700
Expected credit losses (RMB’000)	<u>4,218</u>	<u>9,388</u>	<u>24,744</u>	<u>54,277</u>	<u>146,689</u>	<u>239,316</u>

Group B	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	30.00%	7.89%
Gross carrying amount (RMB’000)	216,434	155,847	50,426	184	422,891
Expected credit losses (RMB’000)	<u>8,657</u>	<u>15,585</u>	<u>9,077</u>	<u>55</u>	<u>33,374</u>

Group C	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	30.00%	9.90%
Gross carrying amount (RMB’000)	242,584	137,726	65,556	11,756	457,622
Expected credit losses (RMB’000)	<u>12,129</u>	<u>16,527</u>	<u>13,111</u>	<u>3,527</u>	<u>45,294</u>

Group D	Within 1 year
Expected credit loss rate	0.20%
Gross carrying amount (RMB’000)	1,381,275
Expected credit losses (RMB’000)	<u>2,763</u>

Group E	Within 1 year	1 to 2 years	Total
Expected credit loss rate	0.00%	0.00%	0.00%
Gross carrying amount (RMB’000)	96,055	879	96,934
Expected credit losses (RMB’000)	<u>—</u>	<u>—</u>	<u>—</u>

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Group F	Within 1 year
Expected credit loss rate	1.00%
Gross carrying amount (RMB’000)	132,369
Expected credit losses (RMB’000)	<u>1,324</u>

As at 31 December 2025

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.20%	1.00%	10.00%	40.00%	100.00%	8.89%
Gross carrying amount (RMB’000)	1,725,498	1,066,208	669,590	311,650	142,423	3,915,369
Expected credit losses (RMB’000)	<u>3,451</u>	<u>10,662</u>	<u>66,959</u>	<u>124,660</u>	<u>142,423</u>	<u>348,155</u>

Group B	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	30.00%	8.93%
Gross carrying amount (RMB’000)	246,360	92,004	82,610	17,513	438,487
Expected credit losses (RMB’000)	<u>9,854</u>	<u>9,200</u>	<u>14,870</u>	<u>5,254</u>	<u>39,178</u>

Group C	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	30.00%	12.50%
Gross carrying amount (RMB’000)	190,831	114,565	79,379	51,142	435,917
Expected credit losses (RMB’000)	<u>9,542</u>	<u>13,748</u>	<u>15,876</u>	<u>15,343</u>	<u>54,509</u>

Group D	Within 1 year
Expected credit loss rate	0.20%
Gross carrying amount (RMB’000)	705,281
Expected credit losses (RMB’000)	<u>1,411</u>

Group E	Within 1 year
Expected credit loss rate	0.00%
Gross carrying amount (RMB’000)	8,872
Expected credit losses (RMB’000)	<u>–</u>

As at 31 May 2026

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.20%	1.00%	10.00%	40.00%	100.00%	11.81%
Gross carrying amount (RMB’000)	1,418,744	959,723	424,475	301,926	216,778	3,321,646
Expected credit losses (RMB’000)	<u>2,836</u>	<u>9,597</u>	<u>42,448</u>	<u>120,771</u>	<u>216,778</u>	<u>392,430</u>

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Group B	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	30.00%	59.86%	8.84%
Gross carrying amount (RMB’000)	268,650	76,901	61,488	29,609	421	437,069
Expected credit losses (RMB’000)	<u>10,746</u>	<u>7,690</u>	<u>11,068</u>	<u>8,883</u>	<u>252</u>	<u>38,639</u>
Group C	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	30.00%	60.00%	15.04%
Gross carrying amount (RMB’000)	175,858	75,776	77,821	59,533	15,960	404,948
Expected credit losses (RMB’000)	<u>8,793</u>	<u>9,093</u>	<u>15,564</u>	<u>17,860</u>	<u>9,576</u>	<u>60,886</u>
Group D	Within 1 year					
Expected credit loss rate						0.20%
Gross carrying amount (RMB’000)						1,310,440
Expected credit losses (RMB’000)						<u>2,621</u>
Group E	Within 1 year					
Expected credit loss rate						0.00%
Gross carrying amount (RMB’000)						9,107
Expected credit losses (RMB’000)						<u>–</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	2,557,674	4,171,959	1,828,095	1,522,455
Notes receivable	<u>245,227</u>	<u>38,698</u>	<u>210,014</u>	<u>302,040</u>
	2,802,901	4,210,657	2,038,109	1,824,495
Less: Impairment of trade receivable	(381,985)	(193,084)	(64,850)	(76,200)
Less: Impairment of notes receivable	<u>(15)</u>	<u>(1,113)</u>	<u>(32)</u>	<u>(500)</u>
Trade receivables, net	<u>2,420,901</u>	<u>4,016,460</u>	<u>1,973,227</u>	<u>1,747,795</u>
	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	2,138,447	3,954,490	1,751,000	1,438,738
1 to 2 years	21,721	16,277	1,236	776
2 to 3 years	15,521	8,108	10,444	5,316
Over 3 years	<u>–</u>	<u>–</u>	<u>565</u>	<u>1,425</u>
Total	<u>2,175,689</u>	<u>3,978,875</u>	<u>1,763,245</u>	<u>1,446,255</u>

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Included in the Company’s trade receivables were amounts due from the Company’s related parties of RMB881,913,000, RMB3,152,310,000, RMB1,107,652,000 and RMB838,063,000, and notes receivables due from the Company’s related parties of RMB200,000,000, nil, nil and nil as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, which were repayable on credit terms similar to those offered to the major customers of the Company.

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

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	500,068	381,985	193,084	64,850
Impairment losses, net	(118,083)	(188,901)	(49,711)	11,350
Amount written off as uncollectible	—	—	(78,523)	—
At end of year/period	<u>381,985</u>	<u>193,084</u>	<u>64,850</u>	<u>76,200</u>

	As at 31 December 2023		
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	30,694	30,694	100.00%
On a collective basis	<u>2,526,980</u>	<u>351,291</u>	<u>13.90%</u>
Total	<u>2,557,674</u>	<u>381,985</u>	<u>14.93%</u>

	As at 31 December 2024		
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	30,694	30,694	100.00%
On a collective basis	<u>4,141,265</u>	<u>162,390</u>	<u>3.92%</u>
Total	<u>4,171,959</u>	<u>193,084</u>	<u>4.63%</u>

	As at 31 December 2025		
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	—	—	0.00%
On a collective basis	<u>1,828,095</u>	<u>64,850</u>	<u>3.55%</u>
Total	<u>1,828,095</u>	<u>64,850</u>	<u>3.55%</u>

	As at 31 May 2026		
	Carrying amount	Impairment losses	
	RMB'000	RMB'000	Rate
On an individual basis	—	—	0.00%
On a collective basis	<u>1,522,455</u>	<u>76,200</u>	<u>5.01%</u>
Total	<u>1,522,455</u>	<u>76,200</u>	<u>5.01%</u>

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

The Company

As at 31 December 2023

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.13%	1.00%	10.00%	40.00%	100.00%	21.23%
Gross carrying amount (RMB’000)	604,206	335,190	243,005	205,165	233,750	1,621,316
Expected credit losses (RMB’000)	<u>806</u>	<u>3,352</u>	<u>24,301</u>	<u>82,066</u>	<u>233,750</u>	<u>344,275</u>

Group B	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	9.75%
Gross carrying amount (RMB’000)	27,709	22,767	18,602	69,078
Expected credit losses (RMB’000)	<u>1,108</u>	<u>2,277</u>	<u>3,348</u>	<u>6,733</u>

Group C	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	10.54%
Gross carrying amount (RMB’000)	953	1,398	334	2,685
Expected credit losses (RMB’000)	<u>48</u>	<u>168</u>	<u>67</u>	<u>283</u>

Group D	Within 1 year
Expected credit loss rate	0.00%
Gross carrying amount (RMB’000)	833,901
Expected credit losses (RMB’000)	<u>–</u>

As at 31 December 2024

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.14%	1.00%	10.00%	40.00%	100.00%	15.68%
Gross carrying amount (RMB’000)	575,434	157,743	75,366	90,914	112,342	1,011,799
Expected credit losses (RMB’000)	<u>799</u>	<u>1,577</u>	<u>7,537</u>	<u>36,365</u>	<u>112,342</u>	<u>158,620</u>

Group B	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	4.00%	10.00%	18.00%	11.75%
Gross carrying amount (RMB’000)	3,760	17,945	9,676	31,381
Expected credit losses (RMB’000)	<u>150</u>	<u>1,795</u>	<u>1,742</u>	<u>3,687</u>

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Group C	Within 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	5.00%	12.00%	20.00%	10.00%
Gross carrying amount (RMB’000)	469	144	217	830
Expected credit losses (RMB’000)	<u>23</u>	<u>17</u>	<u>43</u>	<u>83</u>

Group D	Within 1 year
Expected credit loss rate	0.00%
Gross carrying amount (RMB’000)	3,097,255
Expected credit losses (RMB’000)	<u>—</u>

As at 31 December 2025

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.20%	1.00%	10.00%	40.00%	100.00%	8.82%
Gross carrying amount (RMB’000)	389,366	183,067	53,635	39,275	38,419	703,762
Expected credit losses (RMB’000)	<u>779</u>	<u>1,831</u>	<u>5,363</u>	<u>15,710</u>	<u>38,419</u>	<u>62,102</u>

Group B	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	3.98%	10.01%	18.00%	29.99%	16.37%
Gross carrying amount (RMB’000)	1,757	1,269	12,596	687	16,309
Expected credit losses (RMB’000)	<u>70</u>	<u>127</u>	<u>2,267</u>	<u>206</u>	<u>2,670</u>

Group C	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.00%	12.15%	20.14%	29.75%	20.97%
Gross carrying amount (RMB’000)	—	107	144	121	372
Expected credit losses (RMB’000)	<u>—</u>	<u>13</u>	<u>29</u>	<u>36</u>	<u>78</u>

Group D	Within 1 year
Expected credit loss rate	0.00%
Gross carrying amount (RMB’000)	1,107,652
Expected credit losses (RMB’000)	<u>—</u>

As at 31 May 2026

Group A	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.20%	1.00%	10.00%	40.00%	100.00%	11.02%
Gross carrying amount (RMB’000)	362,773	151,121	76,081	32,157	51,539	673,671
Expected credit losses (RMB’000)	<u>725</u>	<u>1,511</u>	<u>7,608</u>	<u>12,863</u>	<u>51,539</u>	<u>74,246</u>

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Group B	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Expected credit loss rate	3.99%	9.99%	18.00%	30.02%	60.61%	18.16%
Gross carrying amount (RMB’000)	1,304	861	6,121	1,999	66	10,351
Expected credit losses (RMB’000)	<u>52</u>	<u>86</u>	<u>1,102</u>	<u>600</u>	<u>40</u>	<u>1,880</u>
Group C	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Expected credit loss rate	0.00%	0.00%	19.89%	0.00%	0.00%	19.89%
Gross carrying amount (RMB’000)	–	–	372	–	–	372
Expected credit losses (RMB’000)	<u>–</u>	<u>–</u>	<u>74</u>	<u>–</u>	<u>–</u>	<u>74</u>
Group D	Within 1 year					
Expected credit loss rate						0.00%
Gross carrying amount (RMB’000)						838,061
Expected credit losses (RMB’000)						<u>–</u>

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
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
Deductible input value-added tax and export tax rebate	1,032,266	1,590,692	1,732,100	1,426,032
Standard warehouse receipt	244,725	374,023	1,438,538	2,602,801
Other current assets – fair value adjustment on hedged items	57,109	8,169	738,747	1,022,488
Corporate income tax recoverable	12,413	20,726	59,338	29,243
Dividends receivable	20,400	–	2,532	–
Others	121,428	102,090	69,300	68,960
Impairment allowance	<u>(11,805)</u>	<u>(62,592)</u>	<u>(62,576)</u>	<u>(66,290)</u>
Current portion	<u>13,748,287</u>	<u>15,469,602</u>	<u>20,800,497</u>	<u>24,000,703</u>
Prepayment for non-current assets	<u>821</u>	<u>2,823</u>	<u>–</u>	<u>–</u>
Non-current portion	<u>821</u>	<u>2,823</u>	<u>–</u>	<u>–</u>
Total	<u>13,749,108</u>	<u>15,472,425</u>	<u>20,800,497</u>	<u>24,000,703</u>

At 31 December 2023, 2024 and 2025 and 31 May 2026, standard warehouse receipts pledged by the Group as commodity futures margin deposits, amounted to nil, nil, RMB627,112,000 and RMB1,375,410,000.

Included in the Group’s prepayments, other receivables and other assets were amounts due from the Group’s related parties of RMB319,596,000, RMB80,409,000 and RMB103,012,000 and RMB436,769,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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

	Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	8,268	—	6,766	15,034
Impairment losses, net	(3,229)	—	—	(3,229)
At 31 December 2023 and 1 January 2024	5,039	—	6,766	11,805
Impairment losses, net	41,113	—	—	41,113
At 31 December 2024 and 1 January 2025	46,152	—	6,766	52,918
Impairment losses, net	16,424	—	—	16,424
Amount written off as uncollectible	—	—	(6,766)	(6,766)
At 31 December 2025 and 1 January 2026	62,576	—	—	62,576
Impairment losses, net	3,714	—	—	3,714
At 31 May 2026	66,290	—	—	66,290

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and prepaid expenses	2,308,165	2,614,883	3,308,827	4,787,547
Deposits and other receivables	5,563,941	4,870,838	12,127,354	13,877,439
Deductible input value-added tax and export tax rebate	312,749	637,556	588,481	310,833
Dividends receivable	1,030,000	755,500	187,548	60,000
Other current assets-hedged items	—	—	20,133	—
Standard warehouse receipt	—	—	—	119,042
Others	22,311	2,393	18	23,900
Impairment allowance	(4,302)	(50,972)	(36,612)	(38,523)
Current portion	<u>9,232,864</u>	<u>8,830,198</u>	<u>16,195,749</u>	<u>19,140,238</u>
Prepayment for non-current assets	659	1,214	—	—
Non-current portion	<u>659</u>	<u>1,214</u>	<u>—</u>	<u>—</u>
Total	<u><u>9,233,523</u></u>	<u><u>8,831,412</u></u>	<u><u>16,195,749</u></u>	<u><u>19,140,238</u></u>

Included in the Company’s prepayments and other receivables were amounts due from the Company’s related parties of RMB5,101,618,000, RMB4,592,638,000, RMB11,394,024,000 and RMB13,452,590,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively. Included in the Company’s dividends receivable were amounts due from the Company’s related parties of RMB1,030,000,000, RMB755,500,000, RMB187,548,000 and RMB60,000,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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

	Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,961	–	2,672	4,633
Impairment losses, net	(331)	–	–	(331)
At 31 December 2023 and 1 January 2024	1,630	–	2,672	4,302
Impairment losses, net	37,915	–	–	37,915
At 31 December 2024 and 1 January 2025	39,545	–	2,672	42,217
Impairment losses, net	(2,933)	–	–	(2,933)
Amount written off as uncollectible	–	–	(2,672)	(2,672)
At 31 December 2025 and 1 January 2026	36,612	–	–	36,612
Impairment losses, net	1,911	–	–	1,911
At 31 May 2026	38,523	–	–	38,523

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 31 May
	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
Total	261,996	411,573	1,168,397	3,989,723

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current asset				
Unlisted equity investments, at fair value	127,346	117,064	97,810	96,324
Current asset				
Wealth management products	19,994	–	–	1,340,180

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22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	3,187,403	4,232,799	3,422,463	6,263,783
Time deposits	6,315,304	4,523,114	3,546,749	4,714,729
Subtotal	9,502,707	8,755,913	6,969,212	10,978,512
Less:				
Restricted cash	40,152	27,760	26,978	36,748
Pledged deposits for bank loans and other borrowings	4,443,226	2,703,477	1,621,256	2,265,769
Pledged deposits for notes payable	1,395,757	1,643,255	1,691,771	2,209,270
Pledged deposits for letters of credit	396,041	121,084	135,829	121,919
Pledged deposits for letters of guarantee	59,705	32,768	43,291	65,720
Others	9,852	1,703	4,602	12,051
Cash and cash equivalents	3,157,974	4,225,866	3,445,485	6,267,035

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents and deposits denominated in				
RMB	2,432,198	2,601,987	2,769,491	4,812,287
USD	688,520	1,530,424	567,120	1,369,464
Others	37,256	93,455	108,874	85,284
Total	3,157,974	4,225,866	3,445,485	6,267,035

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,479,634	1,670,091	2,110,237	3,379,153
Time deposits	3,699,859	2,757,207	2,301,077	3,029,717
Subtotal	5,179,493	4,427,298	4,411,314	6,408,870
Less:				
Restricted cash	16,072	16,072	9	9
Pledged deposits for bank loans and other borrowings	1,626,289	846,110	1,161,823	1,237,132
Pledged deposits for notes payable	2,070,246	1,889,998	1,084,654	1,760,837
Pledged deposits for letters of credit	—	19,400	—	48
Others	3,324	1,699	4,600	1,700
Cash and cash equivalents	1,463,562	1,654,019	2,160,228	3,409,144

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents and deposits denominated in				
RMB	1,460,967	1,528,192	2,157,374	3,395,672
USD	2,588	125,803	2,845	13,258
Others	7	24	9	214
Total	<u>1,463,562</u>	<u>1,654,019</u>	<u>2,160,228</u>	<u>3,409,144</u>

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE AND NOTES PAYABLES

The Group

	As at 31 December			As at 31 May
	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	<u>6,414,084</u>	<u>6,139,441</u>	<u>5,346,028</u>	<u>5,650,997</u>
Total	<u>7,218,507</u>	<u>7,784,394</u>	<u>6,928,439</u>	<u>8,069,182</u>

Included in the Group’s trade and notes payables were amounts due from the Group’s related parties of RMB727,194,000, RMB380,564,000, RMB257,921,000 and RMB586,219,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, which represents credit terms similar to those offered by the related parties to their major customers.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,140,913	2,815,323	3,118,923	4,466,916
Notes payable	<u>8,381,743</u>	<u>7,648,973</u>	<u>8,082,229</u>	<u>9,103,358</u>
Total	<u>9,522,656</u>	<u>10,464,296</u>	<u>11,201,152</u>	<u>13,570,274</u>

Included in the Company’s trade and notes payables were amounts due from the Company’s related parties of RMB5,151,381,000, RMB6,751,327,000, RMB7,718,253,000 and RMB9,378,502,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, which represents credit terms similar to those offered by the related parties to their major customers.

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As of the end of each of the Relevant Periods, the ageing analysis of trade and notes payables, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	7,185,425	7,752,874	6,883,039	8,026,214
Over 1 year	33,082	31,520	45,400	42,968
Total	<u>7,218,507</u>	<u>7,784,394</u>	<u>6,928,439</u>	<u>8,069,182</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	9,501,012	10,449,983	11,185,196	13,550,362
Over 1 year	21,644	14,313	15,956	19,912
Total	<u>9,522,656</u>	<u>10,464,296</u>	<u>11,201,152</u>	<u>13,570,274</u>

The trade payables are non-interest-bearing and are normally settled within 90 days after receiving invoice.

The Group’s notes payable were all aged within one year and are normally settle within one year.

24. OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
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
Taxes payable other than corporate income tax	819,265	941,518	1,013,911	1,363,845
Accrued expenses	94,119	63,429	41,511	50,738
Dividends payable	49,000	–	134,319	61,840
Deposits	54,422	164,525	335,794	497,409
Other current liabilities				
– fair value adjustment on hedged items	14,972	1,474,042	86,513	419,541
Total	<u>3,898,505</u>	<u>5,489,018</u>	<u>4,173,413</u>	<u>4,687,879</u>

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Included in the Group’s other payables, accruals and other current liabilities were amounts due to the Group’s related parties of RMB58,788,000, RMB121,566,000, RMB5,289,000 and RMB511,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively. Other payables, accruals and other current liabilities are non-interest-bearing and repayable on demand.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables	2,203,088	2,457,749	2,572,800	2,752,141
Payroll payable	723,912	792,972	608,797	599,385
Taxes payable other than corporate income tax	470,088	574,097	655,430	611,138
Accrued expenses	16,000	9,916	4,607	11,474
Deposits	–	7,419	5,921	47,412
Dividends Payable	–	–	20,718	61,840
Total	<u>3,413,088</u>	<u>3,842,153</u>	<u>3,868,273</u>	<u>4,083,390</u>

Included in the Company’s other payables, accruals and other current liabilities were amounts due to the Company’s related parties of RMB1,985,544,000, RMB2,118,474,000, RMB2,158,552,000 and RMB2,442,235,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively. Other payables, accruals and other current liabilities are non-interest-bearing and repayable on demand.

25. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advances received from customers	<u>4,954,060</u>	<u>6,312,779</u>	<u>7,498,509</u>	<u>10,917,530</u>

Included in the Group’s contract liabilities are amounts due from the Group’s related parties of RMB64,286,000, RMB86,664,000 and RMB182,255,000 and RMB290,086,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advances received from customers	<u>2,774,131</u>	<u>3,692,051</u>	<u>4,865,556</u>	<u>4,538,860</u>

Included in the Company’s contract liabilities were amounts due from the Group’s related parties of RMB221,501,000, RMB103,476,000, RMB1,124,160,000 and RMB401,646,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at 31 December 2023	
	Assets	Liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
Commodity futures	946,936	819,932
Commodity options	9,990	23,620
Foreign currency option contracts	6,012	531
Foreign currency forward contracts	108,549	71,633
Foreign currency futures contracts	594	8,427
Total	<u>1,072,081</u>	<u>924,143</u>

	As at 31 December 2024	
	Assets	Liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
Commodity futures	674,613	387,846
Commodity options	45,569	27,327
Foreign currency option contracts	25,646	159,031
Foreign currency forward contracts	132,193	108,079
Foreign currency futures contracts	12,977	–
Total	<u>890,998</u>	<u>682,283</u>

	As at 31 December 2025	
	Assets	Liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
Commodity futures	619,163	1,480,963
Commodity options	687	52,372
Foreign currency option contracts	3,332	132
Foreign currency forward contracts	99,493	33,933
Foreign currency futures contracts	1,685	6,474
Total	<u>724,360</u>	<u>1,573,874</u>

	As at 31 May 2026	
	Assets	Liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
Commodity futures	614,697	402,864
Commodity options	2,934	20,047
Foreign currency option contracts	152,370	15,183
Foreign currency forward contracts	58	6,145
Total	<u>770,059</u>	<u>444,239</u>

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Including:				
Derivative financial instruments designated in hedging relationships:				
Commodity futures	(52,016)	663,568	(840,872)	(614,533)

The Company

	As at 31 December 2023	
	Assets	Liabilities
	RMB'000	RMB'000
Commodity futures	10,996	21,632
Commodity options	1,662	–
Foreign currency option contracts	572	–
Foreign currency forward contracts	38,929	57,169
Total	52,159	78,801

	As at 31 December 2024	
	Assets	Liabilities
	RMB'000	RMB'000
Commodity futures	23,492	10,168
Commodity options	–	1,874
Foreign currency option contracts	16,555	46
Foreign currency forward contracts	119,874	367
Total	159,921	12,455

	As at 31 December 2025	
	Assets	Liabilities
	RMB'000	RMB'000
Commodity futures	70,828	94,110
Commodity options	–	1,509
Foreign currency option contracts	3,332	132
Foreign currency forward contracts	32,192	23,040
Total	106,352	118,791

	As at 31 May 2026	
	Assets	Liabilities
	RMB'000	RMB'000
Commodity futures	141,690	19,724
Commodity options	–	1,320
Foreign currency option contracts	73,345	4,136
Total	215,035	25,180

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27. INTEREST-BEARING LOANS AND OTHER BORROWINGS

The Group

As at 31 December 2023			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.90-3.40	2024	1,301,875
Bank loans – unsecured	2.90-3.30	2024	372,437
Discounted notes receivable	1.05-3.30	2024	8,816,449
Loans of letter of credit	1.55-6.94	2024	3,697,835
Other borrowings – secured	0-6.83	2024	2,168,705
Other borrowings – unsecured	2.80-4.93	2024	2,521,078
Current portion of long-term bank loans	3.45-6.40	2024	131,960
Non-current			
Bank loans – secured	3.45-6.40	2025-2027	460,196
Total			<u>19,470,535</u>

As at 31 December 2024			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.50-5.50	2025	2,320,951
Bank loans – unsecured	2.00-2.95	2025	849,752
Discounted notes receivable	0.88-3.50	2025	8,626,523
Loans of letter of credit	0.82-6.41	2025	6,374,466
Other borrowings – secured	0-3.20	2025	468,831
Other borrowings – unsecured	2.07-3.00	2025	3,025,728
Current portion of long-term bank loans	3.41-5.31	2025	20,801
Non-current			
Bank loans – secured	4.17-4.18	2026-2027	450,000
Other borrowings – secured	2.93-3.10	2026	38,300
Total			<u>22,175,352</u>

As at 31 December 2025			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.20-4.28	2026	2,432,542
Bank loans – unsecured	2.15-2.50	2026	1,145,000
Discounted notes receivable	0.70-3.40	2026	8,883,714
Loans of letter of credit	0.80-7.24	2026	8,977,106
Other borrowings – secured	0-7.56	2026	607,490
Other borrowings – unsecured	2.08-3.00	2026	3,575,594
Current portion of long-term bank loans	4.17-4.18	2026	16,875
Non-current			
Bank loans – secured	4.17-4.18	2027	440,000
Total			<u>26,078,321</u>

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	As at 31 May 2026		
	Effective interest rate	Maturity	RMB'000
	(%)		
Current			
Bank loans – secured	2.15-4.60	2026-2027	5,065,908
Bank loans – unsecured	1.44-2.55	2026-2027	4,229,837
Discounted notes receivable	0.60-2.35	2026	10,438,224
Loans of letter of credit	0.90-5.72	2026-2027	8,887,468
Other borrowings – secured	2.08-3.60	2026-2027	585,743
Other borrowings – unsecured	2.08-3.00	2026	5,604,864
Current portion of long-term bank loans	2.48	2026	12,540
Non-current			
Bank loans – secured	2.48	2027	440,000
Total			<u>35,264,584</u>

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings repayable:				
Within one year	19,010,339	21,687,052	25,638,321	34,824,584
In the second year	196	38,300	440,000	440,000
In the third to fourth years	460,000	450,000	–	–
Total	<u>19,470,535</u>	<u>22,175,352</u>	<u>26,078,321</u>	<u>35,264,584</u>

Certain of guarantees of the Group’s interest-bearing loans and other borrowings were secured by:

- (1) The pledge of certain of the Group’s property, plant and equipment, which had net carrying values at the end of the Relevant Periods of RMB10,919,000, RMB10,445,000, Nil and Nil, respectively; and
- (2) The Group’s pledged time deposits were pledged to secure the Group’s interest-bearing loans and other borrowings, with aggregate net carrying values of RMB4,443,226,000, RMB2,703,477,000, RMB1,621,256,000 and RMB2,265,769,000 at the end of the Relevant Periods, respectively.

In addition, Hangzhou Industrial Investment Group Co., Ltd., the controlling shareholder of the Company, has guaranteed the Group’s interest-bearing loans and other borrowings, with maximum guaranteed amounts of RMB26,366,000,000, RMB27,711,000,000, RMB21,332,929,000 and RMB5,278,598,000 at the end of the Relevant Periods, respectively. The Company and certain subsidiaries have guaranteed the Group’s interest-bearing loans and other borrowings, with maximum amounts of RMB12,671,620,000, RMB15,522,951,200, RMB18,750,008,400 and RMB29,814,585,000 at the end of the Relevant Periods, respectively.

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As at 31 December 2023			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.90–3.40	2024	600,495
Bank loans – unsecured	2.90–3.30	2024	372,437
Discounted notes receivable	3.00–3.20	2024	207,530
Loans of letter of credit	2.80–3.00	2024	822,580
Other borrowings – secured	0–6.08	2024	1,770,843
Other borrowings – unsecured	2.80–2.98	2024	2,226,369
Current portion of long-term bank loans	3.45–4.18	2024	131,146
Non-current			
Bank loans – secured	3.45–4.18	2027	460,000
Total			<u>6,591,400</u>

As at 31 December 2024			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.50–5.50	2025	1,129,288
Bank loans – unsecured	2.00–2.95	2025	847,530
Discounted notes receivable	1.90–3.50	2025	17,000
Loans of letter of credit	2.40–5.34	2025	1,547,972
Other borrowings – secured	0–3.05	2025	349,127
Other borrowings – unsecured	2.07–3.00	2025	3,025,728
Current portion of long-term bank loans	3.43–4.18	2025	20,600
Non-current			
Bank loans – secured	4.17–4.18	2026–2027	450,000
Other borrowings – secured	2.93–3.10	2026	38,300
Total			<u>7,425,545</u>

As at 31 December 2025			
	Effective interest rate	Maturity	RMB’000
	(%)		
Current			
Bank loans – secured	2.20–4.28	2026	1,721,064
Bank loans – unsecured	2.15–2.50	2026	1,145,000
Discounted notes receivable	3.40	2026	187,064
Loans of letter of credit	2.15–4.30	2026	2,330,141
Other borrowings – secured	0–7.56	2026	482,023
Other borrowings – unsecured	2.10–2.70	2026	3,566,434
Current portion of long-term bank loans	4.17–4.18	2026	16,875
Non-current			
Bank loans – secured	4.17–4.18	2027	440,000
Total			<u>9,888,601</u>

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	As at 31 May 2026		
	Effective interest rate	Maturity	RMB'000
	(%)		
Current			
Bank loans – secured	2.20-3.80	2026-2027	1,926,856
Bank loans – unsecured	1.44-2.55	2026-2027	4,229,837
Discounted notes receivable	0.85-2.20	2026	59,672
Loans of letter of credit	1.90-4.30	2026-2027	1,695,884
Other borrowings – secured	2.14-2.55	2026-2027	437,021
Other borrowings – unsecured	3.00	2026	5,538,054
Current portion of long-term bank loans	2.48	2026	12,540
Non-current			
Bank loans – secured	2.48	2027	440,000
Total			<u>14,339,864</u>

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings repayable:				
Within one year	6,131,400	6,937,245	9,448,601	13,899,864
In the second year	–	38,300	440,000	440,000
In the third to fourth years	460,000	450,000	–	–
Total	<u>6,591,400</u>	<u>7,425,545</u>	<u>9,888,601</u>	<u>14,339,864</u>

28. PROVISION

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for onerous contracts:				
Carrying amount at 1 January	494,671	80,533	209,166	18,600
Additional provision, net	(414,138)	117,478	(190,566)	21,925
Acquisition of subsidiaries	–	11,155	–	–
Carrying amount at 31 December/May	<u>80,533</u>	<u>209,166</u>	<u>18,600</u>	<u>40,525</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for onerous contracts:				
Carrying amount at 1 January	75,639	226	170,671	1,500
Additional provision, net	(75,413)	170,445	(169,171)	501
Carrying amount at 31 December/May	<u>226</u>	<u>170,671</u>	<u>1,500</u>	<u>2,001</u>

The amount of the provision for the onerous contracts is measured at the present value of the lower of the expected costs of terminating the contracts and the net cost of fulfilling the contracts (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling those contracts).

As at 31 December 2023

As at 31 December 2024

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As at 31 December 2025									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Unrealised profit from intercompany transactions	Changes in fair value	Others	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	101,529	66,071	20,958	416,947	45,887	34,799	352,508	48,556	1,486,777
Deferred tax credited/(charged) to profit or loss during the year	7,553	113,016	(8,719)	(50,006)	(42,450)	6,142	(69,613)	23,351	281,911
Gross deferred tax assets at 31 December 2025	109,082	179,087	12,239	366,941	3,437	40,941	282,895	71,907	1,768,688
As at 31 May 2026									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Unrealised profit from intercompany transactions	Changes in fair value	Others	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	109,082	179,087	12,239	366,941	3,437	40,941	282,895	71,907	1,768,688
Deferred tax credited/(charged) to profit or loss during the period	6,128	117,645	(7,216)	(7,447)	3,619	1,166	(127,350)	1,100	89,035
Gross deferred tax assets at 31 May 2026	115,210	296,732	5,023	359,494	7,056	42,107	155,545	73,007	1,857,723
As at 31 December 2023									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Changes in fair value	Others	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	126,717	18,153	—	362	—	18,910	36,510	28,033	228,685
Deferred tax (charged)/credited to profit or loss during the year	(30,142)	32,342	—	103	—	(18,853)	(16,792)	(28,033)	(61,375)
Gross deferred tax assets at 31 December 2023	96,575	50,495	—	465	—	57	19,718	—	167,310

The Company

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As at 31 December 2024									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Changes in fair value	Others	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	96,575	–	465	–	57	19,718	–	–	167,310
Deferred tax (charged)/credited to profit or loss during the year	(35,283)	42,492	2,241	189,091	10,705	18,445	–	–	294,504
Gross deferred tax assets at 31 December 2024	61,292	42,492	2,706	189,091	10,762	38,163	–	–	461,814
As at 31 December 2025									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Changes in fair value	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	61,292	42,492	2,706	189,091	10,762	38,163	461,814		
Deferred tax (charged)/credited to profit or loss during the year	(35,918)	61,300	(1,676)	(33,176)	(10,387)	(620)	(76,361)		
Gross deferred tax assets at 31 December 2025	25,374	103,792	1,030	155,915	375	37,543	385,453		
As at 31 May 2026									
Impairment of trade and other receivables	Impairment of inventories	Tax losses	Leases liabilities	Payroll payable	Provision	Changes in fair value	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	25,374	103,792	1,030	155,915	375	37,543	385,453		
Deferred tax credited/(charged) to profit or loss during the period	3,432	(20,683)	(45)	(6,260)	125	(28,460)	10,766		
Gross deferred tax assets at 31 May 2026	28,806	83,109	985	149,655	500	9,083	396,219		

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The movements in deferred tax liabilities during the Relevant Periods are as follows:

The Group

As at 31 December 2023						
	Right-of-use assets	Depreciation difference between tax and accounting	Changes in fair value	Accrued interest income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 . . .	28	465	154,600	10,938	748	166,779
Deferred tax (credited)/ charged to profit or loss during the year .	(12)	(223)	(45,998)	12,145	—	(34,088)
Gross deferred tax liabilities at 31 December 2023 . .	<u>16</u>	<u>242</u>	<u>108,602</u>	<u>23,083</u>	<u>748</u>	<u>132,691</u>
As at 31 December 2024						
	Right-of-use assets	Depreciation difference between tax and accounting	Changes in fair value	Accrued interest income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . .	16	242	108,602	23,083	748	132,691
Deferred tax charged/ (credited) to profit or loss during the year .	20,071	(74)	(365)	7,469	185	27,286
Acquisition of subsidiaries	—	—	752	—	(185)	567
Gross deferred tax liabilities at 31 December 2024 . .	<u>20,087</u>	<u>168</u>	<u>108,989</u>	<u>30,552</u>	<u>748</u>	<u>160,544</u>
As at 31 December 2025						
	Right-of-use assets	Depreciation difference between tax and accounting	Changes in fair value	Accrued interest income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 . . .	20,087	168	108,989	30,552	748	160,544
Deferred tax (credited)/charged to profit or loss during the year	(7,810)	104	291,834	(15,116)	(748)	268,264
Gross deferred tax liabilities at 31 December 2025 . .	<u>12,277</u>	<u>272</u>	<u>400,823</u>	<u>15,436</u>	<u>—</u>	<u>428,808</u>
As at 31 May 2026						
	Right-of-use assets	Depreciation difference between tax and accounting	Changes in fair value	Accrued interest income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026 . . .	12,277	272	400,823	15,436	—	428,808
Deferred tax (credited)/charged to profit or loss during the period	(5,917)	(127)	19,712	1,036	—	14,704
Gross deferred tax liabilities at 31 May 2026	<u>6,360</u>	<u>145</u>	<u>420,535</u>	<u>16,472</u>	<u>—</u>	<u>443,512</u>

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The Company

	As at 31 December 2023		
	Changes in fair value	Accrued interest income	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	35,997	6,144	42,141
Deferred tax (credited)/charged to profit or loss during the year	(22,658)	4,389	(18,269)
Gross deferred tax liabilities at 31 December 2023	<u>13,339</u>	<u>10,533</u>	<u>23,872</u>

	As at 31 December 2024			
	Right-of-use assets	Changes in fair value	Accrued interest income	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	–	13,339	10,533	23,872
Deferred tax charged to profit or loss during the year	<u>2,300</u>	<u>22,129</u>	<u>4,517</u>	<u>28,946</u>
Gross deferred tax liabilities at 31 December 2024	<u>2,300</u>	<u>35,468</u>	<u>15,050</u>	<u>52,818</u>

	As at 31 December 2025			
	Right-of-use assets	Changes in fair value	Accrued interest income	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	2,300	35,468	15,050	52,818
Deferred tax credited to profit or loss during the year	<u>(1,476)</u>	<u>(125)</u>	<u>(13,569)</u>	<u>(15,170)</u>
Gross deferred tax liabilities at 31 December 2025	<u>824</u>	<u>35,343</u>	<u>1,481</u>	<u>37,648</u>

	As at 31 May 2026			
	Right-of-use assets	Changes in fair value	Accrued Interest Income	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	824	35,343	1,481	37,648
Deferred tax (credited)/charged to profit or loss during the period	<u>(15)</u>	<u>17,344</u>	<u>2,002</u>	<u>19,331</u>
Gross deferred tax liabilities at 31 May 2026	<u>809</u>	<u>52,687</u>	<u>3,483</u>	<u>56,979</u>

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

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	797,566	1,350,795	1,385,659	1,447,468
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>412</u>	<u>24,562</u>	<u>45,779</u>	<u>33,257</u>

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	143,438	411,296	348,629	340,049
Net deferred tax liabilities recognised in the consolidated statement of financial position . . .	—	2,300	824	809

30. SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
ordinary shares	3,387,453	3,387,453	3,387,453	3,387,453

31. PERPETUAL SECURITIES

In June, August and November 2025 and in May 2026, the Company issued perpetual securities with a total carrying value of RMB2,800 million.

The initial period is three years, and the Company has the right to extend for another three years at each period end, if the Company does not exercise the extension option, the securities shall be redeemed in full upon maturity.

The interest rates of the securities for the first three years are 2.82% for 2025 Domestic Perpetual Securities Series 1, 2.75% for 2025 Domestic Perpetual Securities Series 2, 2.53% for 2025 Domestic Perpetual Securities Series 3, and 2.09% for 2026 Domestic Perpetual Securities Series 1, resetting every 3 years. The rates are determined by a benchmark rate plus a spread. The initial spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The spread will not be adjusted once determined during the duration period. The interest rate applicable to the repricing period will be adjusted to the benchmark rate plus the initial spread and plus 300 basis points.

The Group has the right to defer the payment of interest, provided that within the 12 months prior to the interest payment, the Group has not distributed dividends to its common shareholders (excluding the mandatory payment of state-owned capital gains as per regulations), or reduced its registered capital.

32. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Capital reserve

Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

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Statutory surplus reserve

In accordance with the Company Law of the People’s Republic of China, each company in the PRC is required to allocate 10% of its statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or to increase the registered capital of the company. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

General reserve

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the China Securities Regulatory Commission, a subsidiary is required to appropriate 10% of its profit for the year for the general reserve.

The Company

	Capital reserve	Statutory surplus reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,510,249	607,482	8,992	2,126,723
Total comprehensive income for the year	–	–	922,459	922,459
Distribution to shareholders	–	–	(747,271)	(747,271)
Profit appropriation to reserve	–	92,246	(92,246)	–
At 31 December 2023 and 1 January 2024	1,510,249	699,728	91,934	2,301,911
Total comprehensive income for the year	–	–	628,848	628,848
Distribution to shareholders	–	–	(649,714)	(649,714)
Profit appropriation to reserve	–	62,884	(62,884)	–
At 31 December 2024 and 1 January 2025	1,510,249	762,612	8,184	2,281,045
Total comprehensive income for the year	–	–	669,199	669,199
Distribution to shareholders	–	–	(572,818)	(572,818)
Profit appropriation to reserve	–	66,920	(66,920)	–
Issuance of perpetual securities	(2,070)	–	–	(2,070)
Interest on perpetual securities recognised as distribution	–	–	(20,718)	(20,718)
Intra-group reorganisation under common control without consideration*	76,500	–	–	76,500
At 31 December 2025 and 1 January 2026	1,584,679	829,532	16,927	2,431,138
Total comprehensive income for the period	–	–	166,865	166,865
Profit appropriation to reserve	–	16,687	(16,687)	–
Issuance of perpetual securities	(580)	–	–	(580)
Interest on perpetual securities recognised as distribution	–	–	(41,122)	(41,122)
At 31 May 2026	1,584,099	846,219	125,983	2,556,301
At 1 January 2025	1,510,249	762,612	8,184	2,281,045
Total comprehensive income for the period (unaudited)	–	–	378,980	378,980
Profit appropriation to reserve (unaudited)	–	37,898	(37,898)	–
At 31 May 2025 (unaudited)	1,510,249	800,510	349,266	2,660,025

* A company wholly owned by the Company transferred its equity interests in three subsidiaries to the Company without consideration.

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33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

2023, 2024, 2025 and 31 May 2026	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	%	%
Percentage of equity interest held by non-controlling interests	49	49
2023	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Profit for the year allocated to non-controlling interests	59,043	34,693
Accumulated balances of non-controlling interests at the reporting date	595,638	1,503,110
2024	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Profit for the year allocated to non-controlling interests	180,453	2,055
Accumulated balances of non-controlling interests at the reporting date	711,729	1,505,165
2025	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Profit/(loss) for the year allocated to non-controlling interests	259,739	(70,189)
Accumulated balances of non-controlling interests at the reporting date	777,077	1,434,976
31 May 2026	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Profit/(loss) for the period allocated to non-controlling interests	20,410	(10,900)
Accumulated balances of non-controlling interests at the reporting date	695,341	1,424,077

The following tables illustrate the summarised financial information of the above subsidiaries.

2023	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Current assets	4,553,191	1,270,048
Non-current assets	57,571	2,643,652
Current liabilities	3,393,254	806,111
Non-current liabilities	1,921	40,018
Revenue	30,420,688	692,744
Profit for the year	120,496	70,802
Net cash flows from operating activities	224,816	337,732
Net cash flows used in investing activities	(300)	(469,958)
Net cash flows (used in)/from financing activities	(225,022)	145,490
Net (decrease)/increase in cash and cash equivalents	(506)	13,264

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2024	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Current assets	3,819,132	1,180,527
Non-current assets	68,809	2,396,869
Current liabilities	2,267,420	485,103
Non-current liabilities	168,013	20,528
Revenue	34,672,936	466,485
Profit for the year	368,271	4,194
Net cash flows from operating activities	134,818	421,150
Net cash flows used in investing activities	–	(46,220)
Net cash flows used in financing activities	(118,965)	(380,744)
Net increase/(decrease) in cash and cash equivalents	2,512	(5,990)
2025	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Current assets	4,076,444	1,107,038
Non-current assets	76,731	1,998,587
Current liabilities	2,567,304	172,169
Non-current liabilities	–	4,933
Revenue	27,370,622	218,509
Profit/(loss) for the year	530,080	(143,242)
Net cash flows from/(used in) operating activities	424,893	(326,755)
Net cash flows (used in)/from investing activities	(8,617)	350,919
Net cash flows used in financing activities	(414,477)	(11,613)
Net increase in cash and cash equivalents	1,799	12,639
31 May 2026	Zhejiang Four Bung Industrial Co., Ltd.	Hangzhou CIEC Anzhi Technology Co., Ltd.
	RMB'000	RMB'000
Current assets	5,813,550	1,178,504
Non-current assets	79,452	1,859,915
Current liabilities	4,473,938	126,123
Non-current liabilities	–	6,018
Revenue	11,711,681	91,468
Profit/(loss) for the period	41,653	(22,244)
Net cash flows from/(used in) operating activities	147,803	(87,541)
Net cash flows from investing activities	–	117,827
Net cash flows used in financing activities	(31,385)	(7,183)
Net increase in cash and cash equivalents	123,276	22,852

34. BUSINESS COMBINATION

On 31 October 2024, the Group purchased 51% equity interest in Hangzhou Guoyu International Trade Co., Ltd. (“Hangzhou Guoyu”) from Hangzhou State Owned Capital Investment and Operation Co., Ltd., independent third party, at a consideration of RMB183,306,000. The acquisition was made as part of the Group’s strategy to expand its market share. The Company’s aggregate shareholding interest in Hangzhou Guoyu then increased from 49% to 100% and Hangzhou Guoyu became a subsidiary of the Group.

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The fair values of the assets and liabilities of Hangzhou Guoyu as at 31 October 2024 were as follows:

	As at 31 October 2024
	<i>RMB'000</i>
Cash and cash equivalents	229,030
Pledged short-term deposits	419,504
Trade and notes receivables	254,078
Prepayments, other receivables and other assets	742,693
Inventories	965,033
Property, plant and equipment	2,061
Intangible assets	418
Deferred tax assets	67,285
Derivative financial instruments	(135,064)
Interest-bearing loans and other borrowings	(686,330)
Trade and notes payables	(562,505)
Contract liabilities	(559,623)
Other payables, accruals and other current liabilities	(200,396)
Tax payable	(58,253)
Provision	(11,155)
Deferred tax liabilities	(567)
Total identifiable net assets at fair value	466,209
Non-controlling interests	(104,706)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	1,061
Satisfied by:	
Cash	183,306
The fair value of shareholding interests previously held and classified as associates	177,136

An analysis of the cash flows in respect of the acquisition of Hangzhou Guoyu is as follows:

	As at 31 October 2024
	<i>RMB'000</i>
Cash consideration	(183,306)
Cash and cash equivalents acquired	229,030
Net inflow of cash and cash equivalents included in cash flows from investing activities	45,724

The receivables acquired (which comprised trade and notes receivables, prepayments, other receivables and other assets) with a fair value of RMB996,771,000 at the dates of acquisition had the net carrying amount of RMB996,771,000 (gross contractual amount of RMB 1,001,295,000), which were expected to be fully collected.

Since the acquisition, the subsidiary contributed RMB2,187,275,000 to the Group’s revenue and a profit of RMB27,009,000 to the consolidated profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit attributable to owners of the parent for the year would have been RMB284,559,835,000 and RMB955,906,000, respectively.

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets of RMB103,053,000, RMB22,107,000, RMB24,492,000 and RMB11,649,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, the Group had non-cash additions to lease liabilities of RMB43,263,000, RMB22,107,000, RMB24,492,000 and RMB11,649,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively, in respect of lease arrangements for office premises and plant.

(b) Changes in liabilities arising from financing activities

	Interest-bearing loans and other borrowings	Lease liabilities	Other payables, accruals and other current liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	15,257,891	340,991	3,304,416	18,903,298
Changes from financing cash flows .	3,432,881	(217,965)	(954,118)	2,260,798
New leases	–	43,263	–	43,263
Reassessment as a result of lease modifications	–	7,358	–	7,358
Early termination	–	(19,893)	–	(19,893)
Interest expense	909,466	10,738	–	920,204
Others	(129,703)	127	1,548,207	1,418,631
At 31 December 2023 and 1 January 2024	19,470,535	164,619	3,898,505	23,533,659
Changes from financing cash flows .	1,393,212	(88,785)	(959,064)	345,363
New leases	–	22,107	–	22,107
Reassessment as a result of lease modifications	–	(1,410)	–	(1,410)
Early termination	–	(15,730)	–	(15,730)
Interest expense	916,326	5,851	–	922,177
Others	395,279	–	2,549,577	2,944,856
At 31 December 2024 and 1 January 2025	22,175,352	86,652	5,489,018	27,751,022
Changes from financing cash flows .	3,167,571	(44,480)	(1,027,949)	2,095,142
New leases	–	24,492	–	24,492
Reassessment as a result of lease modifications	–	(1,219)	–	(1,219)
Early termination	–	(8,853)	–	(8,853)
Interest expense	735,398	3,361	–	738,759
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	–	–	(289,524)	(289,524)
At 31 December 2025 and 1 January 2026	26,078,321	59,953	4,173,413	30,311,687
Changes from financing cash flows .	8,836,028	(15,220)	(188,531)	8,632,277
New leases	–	11,649	–	11,649
Reassessment as a result of lease modifications	–	(10,021)	–	(10,021)
Early termination	–	(1,220)	–	(1,220)
Interest expense	350,235	920	–	351,155
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	–	–	701,129	701,129
At 31 May 2026	35,264,584	46,061	4,687,879	39,998,524

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	Interest-bearing loans and other borrowings	Lease liabilities	Other payables, accruals and other current liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	22,175,352	86,652	5,489,018	27,751,022
Changes from financing cash flows (unaudited)	2,735,756	(16,188)	(319,725)	2,399,843
New leases (unaudited)	–	4,906	–	4,906
Interest expense (unaudited)	331,674	1,786	–	333,460
Others (unaudited)	–	–	(262,365)	(262,365)
At 31 May 2025 (unaudited)	<u>25,242,782</u>	<u>77,156</u>	<u>4,906,928</u>	<u>30,226,866</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	22,203	21,582	27,261	11,231	14,196
Within financing activities	217,965	88,785	44,480	16,188	15,220
Total	<u>240,168</u>	<u>110,367</u>	<u>71,741</u>	<u>27,419</u>	<u>29,416</u>

36. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s bank loans, letters of credit, notes and futures margin deposits are included in notes 14, 18, 20 and 22.

37. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information in notes 15, 19, 20, 23, 24 and 25, the Group had the following material transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of products and services						
– Associates	(i)	3,008,838	4,541,424	3,618,790	1,727,320	1,031,250
– The fellow subsidiaries	(i)	<u>302,675</u>	<u>158</u>	<u>354</u>	<u>354</u>	<u>–</u>
		<u>3,311,513</u>	<u>4,541,582</u>	<u>3,619,144</u>	<u>1,727,674</u>	<u>1,031,250</u>
Purchases of products and services						
– Associates	(i)	4,704,076	5,170,651	4,381,601	1,646,211	1,363,771
– The fellow subsidiaries	(i)	<u>227,251</u>	<u>434,289</u>	<u>24,855</u>	<u>5,668</u>	<u>86,663</u>
		<u>4,931,327</u>	<u>5,604,940</u>	<u>4,406,456</u>	<u>1,651,879</u>	<u>1,450,434</u>

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	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Lease payments						
– The controlling shareholder	(ii)	10,599	6,669	3,485	1,476	1,491
Lease interest expenses						
– The controlling shareholder	(ii)	611	1,369	790	443	202
Interest expenses						
– The controlling shareholder	(iii)	12,977	32,046	8,169	6,670	1,200
Loans from						
– The controlling shareholder	(iii)	10,350,000	12,740,000	8,200,000	3,200,000	2,000,000
Collection on behalf of						
– The controlling shareholder	(iv)	–	848,123	1,299,727	–	–

Notes:

- (i) The sales and purchase of products to the related parties were made according to terms agreed between the parties. The amounts of sales of products and services represent the receivables generated from sales.
- (ii) The payments and interests were charged with reference to prices mutually agreed between the parties.
- (iii) The loans from the controlling shareholder bear interest at the rate of 3.3% to 3.9% per annum. The balance were unsecured and repayable on demand.
- (iv) The Company entered into a series of asset transfer agreements (the “Assets Transfer Arrangements”) and transferred trade receivables to the controlling shareholder. Under the arrangement, the Company collected the trade receivables on behalf of the controlling shareholder. As at 31 December 2023, 2024 and 2025 and 31 May 2026, the carrying amounts of transferred trade receivables under the relevant agreements were RMB381,914,000, RMB537,782,000, nil and nil. During the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the carrying amounts of collection on behalf of the controlling shareholder were nil RMB848,123,000, RMB1,299,727,000, and nil.

(b) Outstanding balances with related parties:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade nature:				
Trade and notes receivables				
– Associates	48,442	58,030	1,249	72
Prepayments, other receivables and other assets				
– Associates	296,661	71,578	100,927	425,675
– The controlling shareholder	22,935	8,831	2,085	2,268
– The fellow subsidiary	–	–	–	8,826
	319,596	80,409	103,012	436,769

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables				
– Associates	720,856	353,123	257,921	586,219
– The fellow subsidiary	6,338	27,441	–	–
	<u>727,194</u>	<u>380,564</u>	<u>257,921</u>	<u>586,219</u>
Lease liabilities				
– The controlling shareholder	<u>13,035</u>	<u>17,222</u>	<u>8,333</u>	<u>7,045</u>
Other payables, accruals and other current liabilities				
– Associates	5,204	6,436	1,289	511
– Substantial shareholder	–	4,000	4,000	–
– The fellow subsidiary	<u>14,500</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>19,704</u>	<u>10,436</u>	<u>5,289</u>	<u>511</u>
Contract liabilities				
– Associates	64,286	86,664	90,239	235,760
– The fellow subsidiary	<u>–</u>	<u>–</u>	<u>92,016</u>	<u>54,326</u>
	<u>64,286</u>	<u>86,664</u>	<u>182,255</u>	<u>290,086</u>
Non-trade nature:				
Other payables, accruals and other current liabilities				
– The controlling shareholder	<u>39,084</u>	<u>111,130</u>	<u>–</u>	<u>–</u>

(c) Other transactions with related parties:

The controlling shareholder has guaranteed certain of interest-bearing loans and other borrowings made to the Group, amounting to RMB3,777,849,000 as at 31 December 2023 and amounting to USD97,096,000 and RMB3,371,096,000 as at 31 December 2024 and amounting to USD153,096,000 and RMB3,233,861,000 as at 31 December 2025 and amounting to RMB2,439,150,000 as at 31 May 2026.

The controlling shareholder has guaranteed certain of the letters of credit made to the Group, amounting to USD114,437,000, RMB2,985,676,000, EUR6,048,000, and GBP183,000 as at 31 December 2023 and USD142,895,000, RMB3,699,269,000, and EUR6,048,000 as at 31 December 2024 and USD113,651,000, RMB4,111,674,000 and EUR6,048,000 as at 31 December 2025 and USD1,783,000, RMB833,018,000 and EUR6,048,000 as at 31 May 2026.

The controlling shareholder has guaranteed certain of the note payables made the Group, amounting to RMB6,207,674,000, RMB5,640,780,000, RMB3,167,402,000 and RMB1,199,784,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

The controlling shareholder has guaranteed certain of the guarantee letter made to the Group, amounting to RMB1,243,000, RMB142,370,000, RMB105,800,000 and RMB100,800,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	17,685	19,327	15,497	5,566	5,738
Pension scheme contributions	<u>190</u>	<u>229</u>	<u>217</u>	<u>85</u>	<u>93</u>
Total	<u>17,875</u>	<u>19,556</u>	<u>15,714</u>	<u>5,651</u>	<u>5,831</u>

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39. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

- (a) At the end of each of the Relevant Periods, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the “Endorsed Notes”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of nil, RMB667,000, RMB40,772,000 and RMB166,869,000 (the “Endorsement”), respectively. In addition, the Group discounted certain notes receivable accepted by certain banks in the PRC (the “Discounted Notes”) with carrying amounts in aggregate of RMB8,816,449,000, RMB8,626,523,000, RMB8,883,714,000 and RMB10,438,224,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Discounted Notes and the associated borrowings. Subsequent to the discounting, the Group did not retain any rights on the use of the Discounted Notes, including the sale, transfer or pledge of the Discounted Notes to any other third parties.
- (b) As part of its normal business, the Group entered into trade receivable factoring arrangements (the “Factoring Arrangements”) and transferred certain trade receivables to financial institutions. Under the Factoring Arrangements, the Group may be required to reimburse the financial institution the credit loss if any trade debtors have defaulted payment or late payment up to 30 days. Under the Factoring Arrangements, the Group has retained the substantial risks and rewards, which include credit risks, and accordingly, it continued to recognise the full carrying amounts of the trade receivables and the associated borrowings. The carrying amount of the assets that the Group continued to recognise as at 31 December 2023, 2024 and 2025 and 31 May 2026 were RMB897,506,000, RMB149,234,000, RMB64,672,000 and RMB29,463,000, respectively, and those of the associated liabilities (borrowing recognised) as at 31 December 2023, 2024 and 2025 and 31 May 2026 were RMB897,506,000, RMB149,234,000, RMB64,672,000 and RMB29,463,000, respectively.

Transferred financial assets that are derecognised in their entirety

- (a) At the end of each of the Relevant Periods, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the “Endorsed Notes”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB318,597,000, RMB691,450,000, RMB1,688,700,000 and RMB1,457,076,000 (the “Endorsement”), respectively. In addition, the Group discounted certain notes receivable accepted by certain banks in the PRC (the “Discounted Notes”) with carrying amounts in aggregate of RMB897,479,000, RMB2,685,220,000, RMB5,991,534,000 and RMB5,466,413,000 (the “Discount”), respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and Discounted Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, at the end of each of the Relevant Periods, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Notes with amounts of RMB318,597,000, RMB691,450,000, RMB1,688,700,000 and RMB1,457,076,000, respectively, and Discounted Notes with amounts of RMB897,479,000, RMB2,685,220,000, RMB5,991,534,000 and RMB5,466,413,000 accepted by large and reputable banks (the “Derecognised Notes”), respectively. Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.
- (b) As part of its normal business, the Group entered into trade receivable factoring arrangements and transferred certain trade receivables to financial institutions. Under certain receivable factoring agreements, the Group is not required to undertake default risks and the delayed repayment risk from the debtors after the transfer of receivables, and all risks and rewards related to the ownership of the receivables are transferred. Since the definition of termination of financial assets is met, the Group derecognised the receivables under the factoring agreements at carrying amount. As at 31 December 2023, 2024 and 2025 and 31 May 2026, the carrying amounts of transferred receivables under the factoring agreements were RMB188,091,000, RMB1,128,224,000, RMB1,068,856,000 and RMB846,781,000, and during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the loss related to derecognition amounted to RMB4,987,000, RMB23,071,000, RMB24,588,000 and RMB18,465,000, respectively.

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- (c) As part of its normal business, the Group entered into forfeiting factoring arrangements and transferred certain trade receivables to financial institutions. Under certain receivable factoring, the Group is not required to undertake default risks and the delayed repayment risk from the debtors after the transfer of receivables, and all risks and rewards related to the ownership of the receivables are transferred. Since the definition of termination of financial assets is met, the Group derecognised the receivables under the factoring agreements at carrying amount. As at 31 December 2023, 2024 and 2025 and 31 May 2026, the carrying amounts of transferred receivables under the factoring agreements were RMB141,639,000, RMB123,754,000, RMB192,401,000 and RMB150,956,000, and during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the loss related to derecognition amounted to RMB1,077,000, RMB685,000, RMB997,000 and RMB758,000, respectively.
- (d) As part of its normal business, the Group entered into a series of asset transfer agreements (the “Assets Transfer Arrangements”). Under the agreements, the Group is not required to undertake default risks and the delayed repayment risk from the debtors after the transfer of receivables, and all risks and rewards related to the ownership of the receivables are transferred. Therefore, the Group derecognised the trade receivables under the agreements at carrying amount. As at 31 December 2023, 2024 and 2025 and 31 May 2026, the carrying amounts of transferred trade receivables under the relevant agreements were RMB381,914,000, RMB537,782,000, nil and nil, and during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the loss related to derecognition amounted to RMB6,002,000, RMB7,296,000, nil and nil, respectively.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025 and 31 May 2026:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Unlisted equity investments	asset-based valuation technique	Net assets	2023:10% increase/decrease in net assets would result in increase/decrease in fair value by RMB21,434,000
Unlisted equity investments	asset-based valuation technique	Net assets	2024:10% increase/decrease in net assets would result in increase/decrease in fair value by RMB18,917,000
Unlisted equity investments	asset-based valuation technique	Net assets	2025:10% increase/decrease in net assets would result in increase/decrease in fair value by RMB15,882,000
Unlisted equity investments	asset-based valuation technique	Net assets	31 May 2026: increase/decrease in net assets would result in increase/decrease in fair value by RMB14,939,000

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial assets at fair value through profit or loss	–	261,996	214,341	476,337
Notes receivable	–	161,484	–	161,484
Financial assets included in prepayments, other receivables and other assets	301,834	–	–	301,834
Derivative financial instruments . . .	956,926	115,155	–	1,072,081
Total	<u>1,258,760</u>	<u>538,635</u>	<u>214,341</u>	<u>2,011,736</u>

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2024				
Financial assets at fair value through profit or loss	–	411,573	189,167	600,740
Notes receivable	–	219,052	–	219,052
Financial assets included in prepayments, other receivables and other assets	382,192	–	–	382,192
Derivative financial instruments . . .	720,182	170,816	–	890,998
Total	<u>1,102,374</u>	<u>801,441</u>	<u>189,167</u>	<u>2,092,982</u>

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2025				
Financial assets at fair value through profit or loss	292,917	875,480	158,815	1,327,212
Notes receivable	–	477,898	–	477,898
Financial assets included in prepayments, other receivables and other assets	2,177,285	–	–	2,177,285
Derivative financial instruments . . .	619,850	104,510	–	724,360
Total	<u>3,090,052</u>	<u>1,457,888</u>	<u>158,815</u>	<u>4,706,755</u>

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	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 May 2026				
Financial assets at fair value through profit or loss	330,760	3,658,963	149,387	4,139,110
Notes receivable	–	1,363,426	–	1,363,426
Financial assets included in prepayments, other receivables and other assets	3,625,289	–	–	3,625,289
Derivative financial instruments . . .	617,631	152,428	–	770,059
Total	<u>4,573,680</u>	<u>5,174,817</u>	<u>149,387</u>	<u>9,897,884</u>

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

	Unlisted equity investments, at fair value
	RMB'000
Financial assets at fair value through profit or loss	
At 1 January 2023	187,038
Additions	21,038
Change in fair value of financial assets at fair value through profit or loss	39,894
Disposals	<u>(33,629)</u>
At 31 December 2023 and at 1 January 2024	214,341
Change in fair value of financial assets at fair value through profit or loss	6,973
Disposals	<u>(32,147)</u>
At 31 December 2024 and at 1 January 2025	189,167
Change in fair value of financial assets at fair value through profit or loss	4,924
Disposals	<u>(35,276)</u>
At 31 December 2025 and 1 January 2026	158,815
Change in fair value of financial assets at fair value through profit or loss	<u>(9,428)</u>
At 31 May 2026	<u>149,387</u>

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023				
Financial liabilities included in other payables, accruals and other current liabilities	14,972	–	–	14,972
Derivative financial instruments . . .	843,552	80,591	–	924,143
Total	<u>858,524</u>	<u>80,591</u>	<u>–</u>	<u>939,115</u>

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	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024				
Financial liabilities included in other payables, accruals and other current liabilities	1,474,042	–	–	1,474,042
Derivative financial instruments . . .	415,173	267,110	–	682,283
Total	<u>1,889,215</u>	<u>267,110</u>	<u>–</u>	<u>2,156,325</u>

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2025				
Financial liabilities included in other payables, accruals and other current liabilities	86,513	–	–	86,513
Derivative financial instruments . . .	1,533,335	40,539	–	1,573,874
Total	<u>1,619,848</u>	<u>40,539</u>	<u>–</u>	<u>1,660,387</u>

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 May 2026				
Financial liabilities included in other payables, accruals and other current liabilities	419,541	–	–	419,541
Derivative financial instruments . . .	422,911	21,328	–	444,239
Total	<u>842,452</u>	<u>21,328</u>	<u>–</u>	<u>863,780</u>

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

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivable, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade and notes payables, amounts due to related parties and financial liabilities included in other payables, accruals and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of interest-bearing loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments measured at fair value through profit or loss have been estimated using an asset-based valuation technique based on assumptions that are not supported by observable market prices or rates. Changes in unobservable parameters will not have significant impact on the fair value of the unlisted equity instruments.

The fair value of unlisted investments, which represent wealth management products issued by several certified financial institutions in Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group’s derivative financial instruments mainly include commodity derivatives and forward currency contracts.

The fair values of the commodity derivative futures and options represents the difference between the quoted market price of commodity derivative contracts at the period end and the quoted price at inception of the contracts.

The fair value of foreign currency forward, options or futures are measured using valuation techniques similar to the discounted cash flow model. The models incorporate various market observable inputs including foreign exchange spot ratio, forward rates, risk-free interest rate curves and implied volatility of the foreign exchange rate. The carrying amounts of forward currency contracts are the same as their fair values.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalent and interest-bearing loans. The main purpose of these financial instruments is to support the Group’s operations. The Group has various other financial assets and liabilities such as trade and notes receivable and trade and notes payables, derivatives which arise directly from its operations.

The main risks arising from the Group’s financial instruments are commodity price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Commodity price risk

The Group is exposed to price movements for the commodity firm commitments and inventories. The Group manages a significant portion of these exposure through commodity futures or options transactions to the extent available. While it is the Group’s policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk.

The fair value fluctuation risks of the derivative financial assets and liabilities faced by the Group are mainly related to the commodity futures contracts priced based on market quotations held by the Group.

For certain trading strategies involving price risk exposure, the Group apply differentiated exposure limits to ensure that price risks remain proportionate to the underlying commercial objectives and within the Group’s overall risk tolerance. The Group’s risk management committee conducts annual risk budgeting to determine exposure limits for each trading team. Such exposure limits are set with reference to factors such as the types of commodities traded, historical performance and volatility characteristics. During execution, each trading team is required to monitor its price risk exposure on a daily basis to assess whether its exposure remains within the approved limits. The Group’s risk management department independently monitors overall exposure levels and compliance with the approved limits. Ex post, where exposure limits are approached or reached, corresponding risk control measures are promptly implemented, which may include restricting exposure expansion, adjusting trading strategies or suspending further trading activities.

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Fair value hedge — Commodity price risk

During the Relevant Periods, the Group entered into a series of commodity futures contracts to hedge against the commodity price risks involved in inventories and commodity firm commitments. There is an economic relationship between the hedged item and the hedging instrument as commodities have active market transactions and the varieties of the commodity firm commitments are highly similar to the commodity futures contracts. The Group has established a hedge ratio of approximately 1:1 or 1:1.13 (when there is an impact of value-added tax) for the hedging relationships as the underlying risk of the commodity futures contracts is identical to that of the hedged risk. To test the hedge effectiveness, the Group uses the regression analysis method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- differences in the timing of cash flows of the hedged item and the hedging instrument
- differences in the fluctuation of the basis price of the hedged item and the hedging instrument

The impact of the hedging instrument on the statements of financial position is as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	RMB'000	RMB'000		RMB'000
As at 31 December 2023				
Commodity futures	1,193,470	(52,016)	Derivative financial instruments	(52,016)

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	RMB'000	RMB'000		RMB'000
As at 31 December 2024				
Commodity futures	10,791,610	663,568	Derivative financial instruments	3,132,375

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	RMB'000	RMB'000		RMB'000
As at 31 December 2025				
Commodity futures	5,916,390	(840,872)	Derivative financial instruments	1,033,705

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the period
	RMB'000	RMB'000		RMB'000
As at 31 May 2025				
Commodity futures (unaudited) . .	17,343,963	1,641,079	Derivative financial instruments (unaudited)	2,976,983

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	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the period
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
As at 31 May 2026				
Commodity futures	6,307,718	(614,533)	Derivative financial instruments	(2,118,231)

The impact of the hedged items on the statements of financial position is as follows:

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
As at 31 December 2023				
Inventories	15,196	772	Inventories	772
Commodity firm commitments . .	57,109	57,109	Prepayments, other receivables and other assets	57,109
Commodity firm commitments . .	(14,972)	(14,972)	Other payables, accruals and other current liabilities	(14,972)

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
As at 31 December 2024				
Inventories	223,896	2,467	Inventories	(1,845,059)
Commodity firm commitments . .	8,169	8,169	Prepayments, other receivables and other assets	8,169
Commodity firm commitments . .	(1,474,042)	(1,474,042)	Other payables, accruals and other current liabilities	(1,474,042)

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
As at 31 December 2025				
Inventories	988,053	410,170	Inventories	(1,424,125)
Commodity firm commitments . .	738,747	738,747	Prepayments, other receivables and other assets	738,747
Commodity firm commitments . .	(86,513)	(86,513)	Other payables, accruals and other current liabilities	(86,513)

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	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the period
	RMB'000	RMB'000		RMB'000
As at 31 May 2025				
Inventories (unaudited)	–	–	Inventories (unaudited)	(1,466,595)
Commodity firm commitments (unaudited)	38,704	38,704	Prepayments, other receivables and other assets (unaudited)	38,704
Commodity firm commitments (unaudited)	(1,887,723)	(1,887,723)	Other payables, accruals and other current liabilities (unaudited)	(1,887,723)

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the period
	RMB'000	RMB'000	RMB'000	
As at 31 May 2026				
Inventories	498,773	134,742	Inventories	1,734,152
Commodity firm commitments . . .	1,022,488	1,022,488	Prepayments, other receivables and other assets	1,022,488
Commodity firm commitments . . .	(419,541)	(419,541)	Other payables, accruals and other current liabilities	(419,541)

During the Relevant Periods, the accumulated amounts of fair value hedge adjustments remaining in the statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses were nil, RMB1,847,526,000(loss), RMB1,834,295,000(loss) and RMB1,599,410,000(gain), respectively.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax (through the impact on floating rate borrowings).

As at 31 December 2023

	Increase/(decrease) in basis point	Increase/(decrease) in profit before tax
	%	RMB'000
RMB	0.5	(11,037)
RMB	(0.5)	11,037

As at 31 December 2024

	Increase/(decrease) in basis point	Increase/(decrease) in profit before tax
	%	RMB'000
RMB	0.5	(7,597)
RMB	(0.5)	7,597

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As at 31 December 2025

	Increase/(decrease) in basis point	Increase/(decrease) in profit before tax
	%	RMB'000
RMB	0.5	(6,587)
RMB	(0.5)	6,587

As at 31 May 2026

	Increase/(decrease) in basis point	Increase/(decrease) in profit before tax
	%	RMB'000
RMB	0.5	(5,778)
RMB	(0.5)	5,778

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk through foreign currency forwards, options or futures.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and RMB exchange rates, with all other variables held constant, of the Group’s profit before tax (arising from USD and RMB denominated financial instruments).

As at 31 December 2023

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
	%	RMB'000
If the RMB weakens against the USD	5	180,945
If the RMB strengthens against the USD.	(5)	(180,945)

As at 31 December 2024

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
	%	RMB'000
If the RMB weakens against the USD	5	187,563
If the RMB strengthens against the USD.	(5)	(187,563)

As at 31 December 2025

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
	%	RMB'000
If the RMB weakens against the USD	5	38,454
If the RMB strengthens against the USD.	(5)	(38,454)

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As at 31 May 2026

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
	%	RMB'000
If the RMB weakens against the USD	5	103,224
If the RMB strengthens against the USD	(5)	(103,224)

Credit risk

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

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	5,530,515	5,530,515
Notes receivable*	—	—	—	182,035	182,035
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,940,578	—	—	—	4,940,578
– Doubtful**	—	—	6,766	—	6,766
Pledged deposits	6,304,581	—	—	—	6,304,581
Restricted cash	40,152	—	—	—	40,152
Cash and cash equivalents	3,157,974	—	—	—	3,157,974
Total	14,443,285	—	6,766	5,712,550	20,162,601

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	6,478,528	6,478,528
Notes receivable*	—	—	—	310,000	310,000
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,968,553	—	—	—	4,968,553

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	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
– Doubtful**	–	–	6,766	–	6,766
Pledged deposits	4,502,287	–	–	–	4,502,287
Restricted cash	27,760	–	–	–	27,760
Cash and cash equivalents	4,225,866	–	–	–	4,225,866
Total	<u>13,724,466</u>	<u>–</u>	<u>6,766</u>	<u>6,788,528</u>	<u>20,519,760</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	5,533,781	5,533,781
Notes receivable*	–	–	–	512,105	512,105
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,791,961	–	–	–	8,791,961
– Doubtful**	–	–	–	–	–
Pledged deposits	3,496,749	–	–	–	3,496,749
Restricted cash	26,978	–	–	–	26,978
Cash and cash equivalents	3,445,485	–	–	–	3,445,485
Total	<u>15,761,173</u>	<u>–</u>	<u>–</u>	<u>6,045,886</u>	<u>21,807,059</u>

As at 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	5,501,440	5,501,440
Notes receivable*	–	–	–	1,400,558	1,400,558
Financial assets included in prepayments, other receivables and other assets					
– Normal**	9,463,671	–	–	–	9,463,671
– Doubtful**	–	–	–	–	–
Pledged deposits	4,674,729	–	–	–	4,674,729
Restricted cash	36,748	–	–	–	36,748
Cash and cash equivalents	6,267,035	–	–	–	6,267,035
Total	<u>20,442,183</u>	<u>–</u>	<u>–</u>	<u>6,901,998</u>	<u>27,344,181</u>

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* For trade and notes receivable to which the Group applies the simplified approach for impairment, further summary details of which are included in note 19 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s objective is to maintain a balance between continuity of funding and flexibility through equity and debt financing.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Within 1 year	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
Trade and notes payables	7,218,507	—	7,218,507
Financial liabilities included in other payables, accruals and other current liabilities	1,338,679	—	1,338,679
Interest-bearing loans and other borrowings	19,133,088	517,041	19,650,129
Lease liabilities	84,904	94,403	179,307
Derivative financial instruments	924,143	—	924,143
Total	<u>28,699,321</u>	<u>611,444</u>	<u>29,310,765</u>

As at 31 December 2024

	Within 1 year	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
Trade and notes payables	7,784,394	—	7,784,394
Financial liabilities included in other payables, accruals and other current liabilities	2,473,302	—	2,473,302
Interest-bearing bank and other borrowings	21,778,195	525,768	22,303,963
Lease liabilities	35,780	60,662	96,442
Derivative financial instruments	682,283	—	682,283
Total	<u>32,753,954</u>	<u>586,430</u>	<u>33,340,384</u>

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As at 31 December 2025

	Within 1 year	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes payables	6,928,439	–	6,928,439
Financial liabilities included in other payables, accruals and other current liabilities	1,309,990	–	1,309,990
Interest-bearing bank and other borrowings	25,746,444	458,523	26,204,967
Lease liabilities	28,731	37,263	65,994
Derivative financial instruments	1,573,874	–	1,573,874
Total	<u>35,587,478</u>	<u>495,786</u>	<u>36,083,264</u>

As at 31 May 2026

	Within 1 year	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes payables	8,069,182	–	8,069,182
Financial liabilities included in other payables, accruals and other current liabilities	1,776,276	–	1,776,276
Interest-bearing bank and other borrowings	35,006,873	448,083	35,454,956
Lease liabilities	23,562	24,897	48,459
Derivative financial instruments	444,239	–	444,239
Total	<u>45,320,132</u>	<u>472,980</u>	<u>45,793,112</u>

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total debt	<u>36,941,808</u>	<u>43,274,482</u>	<u>46,655,304</u>	<u>59,750,510</u>
Total assets	<u>46,160,607</u>	<u>53,310,576</u>	<u>59,171,291</u>	<u>73,095,608</u>
Gearing ratio	<u>80.03%</u>	<u>81.17%</u>	<u>78.85%</u>	<u>81.74%</u>

42. EVENTS AFTER THE RELEVANT PERIODS

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

43. SUBSEQUENT FINANCIAL STATEMENTS

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