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

天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHE JIANG HAI LIANG CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

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

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and May 31, 2026 of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended May 31, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

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

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

Consolidated statements of profit or loss

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	*5*	75,733,576	87,542,137	83,306,698	34,820,271	40,469,688
Cost of revenue	*8*	(72,641,532)	(84,638,920)	(80,172,127)	(33,484,694)	(38,707,481)
Gross profit		**3,092,044**	**2,903,217**	**3,134,571**	**1,335,577**	**1,762,207**
General and administrative expenses	*8*	(945,940)	(1,209,073)	(1,262,480)	(547,688)	(691,781)
Selling and marketing expenses	*8*	(210,236)	(241,014)	(283,476)	(120,200)	(125,810)
Research and development expenses	*8*	(183,556)	(140,255)	(145,218)	(54,400)	(67,249)
Net impairment credit/(losses) on financial assets	*3.2*	8,331	(77,730)	(31,021)	(26,902)	(51,907)
Other income	*6*	306,701	299,866	320,455	89,189	137,550
Other (losses)/gains, net	*7*	(267,958)	(281,529)	97,017	30,159	58,159
Operating profit		**1,799,386**	**1,253,482**	**1,829,848**	**705,735**	**1,021,169**
Finance income	*10*	33,073	22,470	31,511	11,076	6,059
Finance costs	*10*	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net		(534,719)	(695,367)	(680,443)	(285,193)	(305,918)
Share of profit of investments accounted for using the equity method	*14*	117,071	112,944	91,658	33,564	32,465
Profit before income tax		**1,381,738**	**671,059**	**1,241,063**	**454,106**	**747,716**
Income tax expenses	*11*	(212,276)	(47,149)	(231,094)	(79,967)	(192,816)
Profit for the year/period		**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Attributable to:						
– Owners of the Company	*38*	1,125,549	715,816	961,639	398,054	405,275
– Non-controlling interests		43,913	(91,906)	48,330	(23,915)	149,625
		1,169,462	**623,910**	**1,009,969**	**374,139**	**554,900**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)						
• Basic	*13*	0.57	0.36	0.48	0.21	0.18
• Diluted	*13*	0.52	0.36	0.47	0.20	0.18

Consolidated statements of comprehensive income

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit for the year/period		**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss, net of tax:						
– Changes arising from remeasurement of defined benefit plan, net of tax		(9,477)	958	7,650	–	969
– Changes in fair value of equity instruments at fair value through other comprehensive income		–	168,300	–	–	(22,831)
Items that may be reclassified to profit or loss in subsequent periods, net of tax:						
– Share of other comprehensive income/(loss) of associates	*14*	987	9,491	(14,237)	(8,007)	2,687
– Exchange differences on translation of foreign operations		140,081	(12,441)	(137,189)	23,218	(254,024)
Other comprehensive income/(loss) for the year/period, net of tax		**131,591**	**166,308**	**(143,776)**	**15,211**	**(273,199)**
Attributable to:						
– Owners of the Company		131,591	166,308	(143,776)	15,211	(273,199)
– Non-controlling interests		–	–	–	–	–
		131,591	**166,308**	**(143,776)**	**15,211**	**(273,199)**
Total comprehensive income for the year/period		**1,301,053**	**790,218**	**866,193**	**389,350**	**281,701**
Attributable to:						
– Owners of the Company		1,257,140	882,124	817,863	413,265	132,076
– Non-controlling interests		43,913	(91,906)	48,330	(23,915)	149,625
		1,301,053	**790,218**	**866,193**	**389,350**	**281,701**

Consolidated statements of financial position

	Notes	As at December 31,			As at May 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	10,489,338	11,125,938	11,221,106	11,488,014
Investment properties	*19*	248,363	260,883	254,638	161,179
Loans receivables	*21*	7,840	666	–	3,920
Right-of-use assets	*17*	955,818	1,099,493	1,090,569	1,048,304
Deferred tax assets	*22*	302,255	495,141	608,244	612,970
Intangible assets	*18*	380,070	368,845	380,841	383,304
Investments in associates	*14*	2,057,575	2,023,179	2,023,768	2,010,920
Equity investments at fair value through other comprehensive income	*3.5*	916,000	1,140,400	100,000	69,559
Other non-current assets	*26*	615,019	208,235	564,677	300,487
Total non-current assets		**15,972,278**	**16,722,780**	**16,243,843**	**16,078,657**
Current assets					
Cash and cash equivalents	*28*	5,103,349	4,010,530	3,435,887	2,738,811
Restricted cash and term deposits	*28*	2,618,144	2,425,482	2,534,885	1,340,970
Derivative financial instruments	*32*	31,351	153,919	69,505	99,958
Trade and notes receivables	*24*	5,670,001	8,244,089	9,414,690	12,900,962
Trade and notes receivables at fair value through other comprehensive income	*3.5*	1,071,509	1,287,484	916,427	1,717,362
Prepayments and other receivables	*25*	1,334,917	1,315,679	1,834,010	1,859,051
Inventories	*27*	7,087,091	8,755,132	11,791,919	14,897,918
Loans receivables	*21*	1,109,143	908,158	727,716	646,748
Other current assets	*26*	407,316	656,270	1,159,318	642,069
Total current assets		**24,432,821**	**27,756,743**	**31,884,357**	**36,843,849**
Total assets		**40,405,099**	**44,479,523**	**48,128,200**	**52,922,506**

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at May 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Borrowings	*29*	8,188,692	4,855,671	6,651,342	6,803,866
Lease liabilities	*17*	59,326	33,071	46,668	35,568
Deferred tax liabilities	*22*	186,615	220,594	239,386	215,660
Deferred income	*34*	241,846	273,256	363,173	365,796
Accruals and other payables	*31*	121,834	114,720	112,721	109,545
Total non-current liabilities		**8,798,313**	**5,497,312**	**7,413,290**	**7,530,435**
Current liabilities					
Borrowings	*29*	10,102,643	17,338,782	15,930,875	21,766,741
Contract liabilities	*5*	414,429	467,709	680,701	404,269
Rental and interest received in advance		2,908	5,387	4,710	4,240
Lease liabilities	*17*	33,462	32,709	33,493	28,178
Current income tax liabilities		184,539	171,887	189,458	168,694
Trade and notes payables	*30*	3,114,891	3,103,705	2,753,597	2,341,183
Accruals and other payables	*31*	693,735	626,333	675,976	1,016,493
Derivative financial instruments	*32*	66,573	129,094	902,666	130,585
Other current liabilities	*33*	154,895	158,999	135,626	154,166
Total current liabilities		**14,768,075**	**22,034,605**	**21,307,102**	**26,014,549**
Net current assets		**9,664,746**	**5,722,138**	**10,577,255**	**10,829,300**
Total liabilities		**23,566,388**	**27,531,917**	**28,720,392**	**33,544,984**
EQUITY					
Equity attributable to owner of the Company					
– Share capital	*35*	1,998,319	1,998,320	2,291,755	2,291,755
– Other reserves	*39*	3,530,264	3,709,092	6,529,933	6,266,616
– Treasury shares	*36*	–	(253,524)	(750,076)	(750,076)
– Other equity instruments-equity components of convertible bonds	*40*	578,423	578,422	–	–
– Retained earnings	*38*	7,970,487	8,334,074	8,743,633	8,856,003
Non-controlling interests		2,761,218	2,581,222	2,592,563	2,713,224
TOTAL EQUITY		**16,838,711**	**16,947,606**	**19,407,808**	**19,377,522**
TOTAL LIABILITIES AND EQUITY		**40,405,099**	**44,479,523**	**48,128,200**	**52,922,506**

Company's statements of financial position

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at May 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	1,860,910	1,882,474	1,838,558	1,800,911
Investment properties	*19*	–	–	–	20,105
Amount due from a subsidiary	*23*	1,900,000	819,334	951,299	2,059,069
Right-of-use assets	*17*	213,472	199,292	191,683	178,344
Deferred tax assets	*22*	129,441	261,642	290,648	324,031
Intangible assets	*18*	25,636	71,892	125,140	128,413
Investments in associates	*14*	1,646,200	1,636,971	1,643,439	1,641,539
Investments in subsidiaries	*15*	10,901,881	11,534,047	12,121,913	12,180,247
Equity investments at fair value through other comprehensive income	*3.5*	916,000	1,140,400	100,000	69,559
Other non-current assets	*26*	108,830	82,226	468,780	40,161
Total non-current assets		**17,702,370**	**17,628,278**	**17,731,460**	**18,442,379**
Current assets					
Cash and cash equivalents	*28*	955,641	421,689	508,734	505,564
Restricted cash and term deposits	*28*	1,557,064	1,521,343	1,601,445	957,315
Derivative financial instruments	*32*	4,117	19,137	26,207	28,686
Trade and notes receivables	*24*	1,356,174	4,736,466	2,328,551	2,674,119
Trade and notes receivables at fair value through other comprehensive income	*3.5*	297,321	163,349	91,849	146,476
Prepayments and other receivables	*25*	1,719,033	243,045	1,964,886	4,455,149
Inventories	*27*	746,895	753,594	1,466,193	1,408,805
Amount due from a subsidiary	*23*	51,159	78,236	800,633	654,615
Other current assets	*26*	46,485	12,061	13,811	23,821
Total current assets		**6,733,889**	**7,948,920**	**8,802,309**	**10,854,550**
Total assets		**24,436,259**	**25,577,198**	**26,533,769**	**29,296,929**

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at May 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Borrowings	*29*	5,551,056	2,844,350	3,832,959	3,783,000
Lease liabilities	*17*	2,842	–	–	1,585
Deferred income	*34*	94,603	107,256	148,544	151,189
Total non-current liabilities		**5,648,501**	**2,951,606**	**3,981,503**	**3,935,774**
Current liabilities					
Borrowings	*29*	4,173,953	7,717,857	6,921,178	8,877,279
Trade and notes payables	*30*	5,758,850	6,212,738	2,754,994	3,973,759
Contract liabilities	*5*	1,199,930	1,464,396	2,149,728	2,201,953
Lease liabilities	*17*	2,550	5,595	2,615	2,966
Derivative financial instruments	*32*	–	–	390,857	67,492
Accruals and other payables	*31*	168,774	165,430	264,668	527,902
Other current liabilities	*33*	169,408	213,218	363,323	368,545
Total current liabilities		**11,473,465**	**15,779,234**	**12,847,363**	**16,019,896**
Net current liabilities		**(4,739,576)**	**(7,830,314)**	**(4,045,054)**	**(5,165,346)**
Total liabilities		**17,121,966**	**18,730,840**	**16,828,866**	**19,955,670**
EQUITY					
– Share capital	*35*	1,998,319	1,998,320	2,291,755	2,291,755
– Other reserves	*39*	3,417,201	3,597,973	6,533,484	6,515,665
– Treasury shares	*36*	–	(253,524)	(750,076)	(750,076)
– Other equity instruments-equity components of convertible bonds	*40*	578,423	578,422	–	–
– Retained earnings	*38*	1,320,350	925,167	1,629,740	1,283,915
TOTAL EQUITY		**7,314,293**	**6,846,358**	**9,704,903**	**9,341,259**
TOTAL LIABILITIES AND EQUITY		**24,436,259**	**25,577,198**	**26,533,769**	**29,296,929**

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

Consolidated statements of changes in equity

	Attributable to owners of the Company								
	Share capital	Share premium	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**1,983,196**	**2,700,542**	**609,412**	**412,252**	**(2,359)**	**7,016,668**	**12,719,711**	**657,171**	**13,376,882**
Profit for the year	–	–	–	–	–	1,125,549	1,125,549	43,913	1,169,462
Other comprehensive income	–	–	–	–	131,591	–	131,591	–	131,591
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**131,591**	**1,125,549**	**1,257,140**	**43,913**	**1,301,053**
Capital contributions by non-controlling interests	–	117,038	–	–	–	–	117,038	2,083,942	2,200,980
Conversion of convertible bonds	15,123	158,634	(30,989)	–	–	–	142,768	–	142,768
Appropriation to surplus reserves	–	–	–	5,141	–	(5,141)	–	–	–
Declaration of dividends	–	–	–	–	–	(159,164)	(159,164)	(23,808)	(182,972)
Appropriation in respect of safety funds, net	–	–	–	7,425	–	(7,425)	–	–	–
Balance at December 31, 2023	**1,998,319**	**2,976,214**	**578,423**	**424,818**	**129,232**	**7,970,487**	**14,077,493**	**2,761,218**	**16,838,711**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**1,998,319**	**2,976,214**	**–**	**578,423**	**424,818**	**129,232**	**7,970,487**	**14,077,493**	**2,761,218**	**16,838,711**
Profit/(loss) for the year	–	–	–	–	–	–	715,816	715,816	(91,906)	623,910
Other comprehensive income	–	–	–	–	–	166,308	–	166,308	–	166,308
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**166,308**	**715,816**	**882,124**	**(91,906)**	**790,218**
Conversion of convertible bonds	1	5	–	(1)	–	–	–	5	–	5
Repurchase of ordinary shares	–	–	(253,524)	–	–	–	–	(253,524)	–	(253,524)
Declaration of dividends	–	–	–	–	–	–	(339,714)	(339,714)	(88,090)	(427,804)
Appropriation in respect of safety funds, net	–	–	–	–	12,515	–	(12,515)	–	–	–
Balance at December 31, 2024	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**
Profit for the year	–	–	–	–	–	–	961,639	961,639	48,330	1,009,969
Other comprehensive loss	–	–	–	–	–	(143,776)	–	(143,776)	–	(143,776)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(143,776)	961,639	817,863	48,330	866,193
Conversion of convertible bonds	293,435	2,978,555	–	(577,935)	–	–	–	2,694,055	–	2,694,055
Convertible bond redemption	–	487	–	(487)	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	(496,552)	–	–	–	–	(496,552)	–	(496,552)
Declaration of dividends	–	–	–	–	–	–	(566,801)	(566,801)	(35,712)	(602,513)
Disposal equity instruments at fair value through other comprehensive income	–	–	–	–	16,830	(168,300)	151,470	–	–	–
Appropriation to surplus reserves	–	–	–	–	118,271	–	(118,271)	–	–	–
Transaction with non-controlling interests	–	296	–	–	–	–	–	296	(1,277)	(981)
Appropriation in respect of safety funds, net	–	–	–	–	18,478	–	(18,478)	–	–	–
Balance at December 31, 2025	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**590,912**	**(16,536)**	**8,743,633**	**16,815,245**	**2,592,563**	**19,407,808**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**
Profit/(loss) for the period	–	–	–	–	–	–	398,054	398,054	(23,915)	374,139
Other comprehensive income	–	–	–	–	–	15,211	–	15,211	–	15,211
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**15,211**	**398,054**	**413,265**	**(23,915)**	**389,350**
Conversion of convertible bonds	2,810	28,961	–	(5,635)	–	–	–	26,136	–	26,136
Repurchase of ordinary shares	–	–	(496,552)	–	–	–	–	(496,552)	–	(496,552)
Declaration of dividends	–	–	–	–	–	–	(345,689)	(345,689)	(35,712)	(381,401)
Disposal equity instruments at fair value through other comprehensive income	–	–	–	–	16,830	(168,300)	151,470	–	–	–
Appropriation in respect of safety funds, net	–	–	–	–	8,461	–	(8,461)	–	–	–
Balance at May 31, 2025 *(Unaudited)*	**2,001,130**	**3,005,180**	**(750,076)**	**572,787**	**462,624**	**142,451**	**8,529,448**	**13,963,544**	**2,521,595**	**16,485,139**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**590,912**	**(16,536)**	**8,743,633**	**16,815,245**	**2,592,563**	**19,407,808**
Profit for the period	–	–	–	–	–	–	405,275	405,275	149,625	554,900
Other comprehensive loss	–	–	–	–	–	(273,199)	–	(273,199)	–	(273,199)
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**–**	**(273,199)**	**405,275**	**132,076**	**149,625**	**281,701**
Declaration of dividends	–	–	–	–	–	–	(283,023)	(283,023)	(30,951)	(313,974)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	–	1,987	1,987
Appropriation in respect of safety funds, net	–	–	–	–	9,882	–	(9,882)	–	–	–
Balance at May 31, 2026	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**600,794**	**(289,735)**	**8,856,003**	**16,664,298**	**2,713,224**	**19,377,522**

Consolidated statements of cash flows

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash used in operations	41(a)	(784,726)	(2,167,082)	(1,534,403)	(2,654,872)	(5,960,927)
Interest received		162,435	83,635	53,686	18,696	59,555
Income tax paid		(231,273)	(270,430)	(311,445)	(201,992)	(245,478)
Net cash used in operating activities		**(853,564)**	**(2,353,877)**	**(1,792,162)**	**(2,838,168)**	**(6,146,850)**
Cash flows from investing activities						
Dividends received from equity investments		6,442	168,041	76,831	72,000	48,000
Proceeds from settlement of derivative financial instruments		2,826	59,317	18,118	–	108,189
Recovery of derivative financial instruments margin		–	–	9,632	9,632	10,199
Proceeds from disposal of equity investments at fair value through other comprehensive income		–	–	312,120	312,120	334,697
Payments for derivative financial instruments margin		–	(9,632)	(10,199)	–	(16,968)
Payments for purchase of investments in a subsidiary		–	–	–	–	(7,411)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		75,827	26,768	9,135	2,699	5,836
Government grant received in relation to assets		95,629	53,630	113,193	31,652	17,000
Payments for settlement of derivative financial instruments		(336,884)	(63,774)	(130,521)	(37,516)	(5,392)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(2,222,288)	(1,274,216)	(986,434)	(381,379)	(759,814)
Net cash (used in)/generated from investing activities		**(2,378,448)**	**(1,039,866)**	**(588,125)**	**9,208**	**(265,664)**

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows from financing activities						
Capital contributions from non-controlling interests		2,200,980	–	–	–	–
Proceeds from borrowings		27,007,059	26,138,711	28,439,826	15,176,271	18,221,019
Proceeds from loans from non-controlling interests of subsidiaries		70,000	35,000	–	–	–
Dividends paid to non-controlling interests		(23,808)	(88,090)	(35,712)	–	(30,951)
Dividends paid to the Company's shareholders		(159,164)	(339,714)	(566,801)	–	–
Payments for repurchase of shares		–	(253,524)	(496,552)	(496,552)	–
Principal elements of lease payments		(26,566)	(35,409)	(40,227)	(11,592)	(17,091)
Repayments of borrowings		(22,462,439)	(22,356,878)	(25,523,469)	(11,066,683)	(12,340,137)
Repayments of loans from non-controlling interests of subsidiaries		(70,000)	(35,000)	–	–	–
Interests paid		(493,993)	(614,607)	(571,311)	(187,972)	(221,780)
Payments of [**REDACTED**] to be capitalized		–	–	(6,449)	–	(14,744)
Transaction with non-controlling interests		–	–	(980)	–	–
Movements of restricted cash		(300,000)	(52,929)	371,403	(364,714)	151,794
Net cash generated from financing activities		**5,742,069**	**2,397,560**	**1,569,728**	**3,048,758**	**5,748,110**
Net increase/(decrease) in cash and cash equivalents		**2,510,057**	**(996,183)**	**(810,559)**	**219,798**	**(664,404)**
Cash and cash equivalents at beginning of the year/period		2,466,945	5,103,349	4,010,530	4,010,530	3,435,887
Effects of exchange rate changes on cash and cash equivalents		126,347	(96,636)	235,916	27,688	(32,672)
Cash and cash equivalents at the end of the year/period	*28*	**5,103,349**	**4,010,530**	**3,435,887**	**4,258,016**	**2,738,811**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

ZHE JIANG HAI LIANG CO., LTD. (浙江海亮股份有限公司) (hereinafter referred to as "the Company"), is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC") on October 29, 2001.

The Company was listed on the Shenzhen Stock Exchange on January 16, 2008, with the stock code: 002203. The registered office of the Company is located at Zhuji City, Zhejiang Province, PRC. The ultimate controller of the Company is Mr. Feng Hailiang.

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the research and development, production, sales and service of high-quality copper products, new conductor materials and aluminum-based new materials.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

2. BASIS OF PREPARATION

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

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

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

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 46 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

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

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
IFRS 20 ''Regulatory Assets and Regulatory Liabilities''	January 1, 2029

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. FINANCIAL RISK MANAGEMENT

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

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currencies of the subsidiaries outside Chinese Mainland are mainly United States Dollar ("USD") and Euro ("EUR") whereas functional currency of the subsidiaries operate in Chinese Mainland is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's foreign exchange exposures and tries to minimize such exposures by natural hedge and economic hedge with foreign exchange derivatives to the extent practicable. The Group did not enter into any foreign currency derivative contracts designated in a hedge accounting relationship as at December 31, 2023, 2024 and 2025, and May 31, 2026.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in USD and EUR, and included in a group entity with different functional currency:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets denominated in:				
USD	4,859,270	9,030,141	9,929,471	11,579,663
EUR	2,613,143	3,343,922	3,789,725	4,407,654
Others	347,605	390,163	429,134	486,470

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities denominated in:				
USD	4,732,703	6,791,046	9,181,286	10,306,627
EUR	163,202	706,434	772,448	326,287
Others	227,479	191,895	3,995,168	182,446

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

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD exchange rate –				
Increase 5%	6,328	111,955	37,409	63,652
Decrease 5%	(6,328)	(111,955)	(37,409)	(63,652)
EUR exchange rate –				
Increase 5%	122,497	131,874	150,864	204,068
Decrease 5%	(122,497)	(131,874)	(150,864)	(204,068)

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

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings and bonds. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings and bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and bonds issued at floating rates and fixed rates based on the market environment.

As at December 31, 2023, 2024, and 2025, and May 31, 2026, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB3,771,163,000, RMB7,020,990,000, RMB9,189,761,000 and RMB9,073,461,000, respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB18,856,000, RMB35,105,000, RMB45,949,000, and RMB45,367,000 for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, respectively.

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

(c) Commodity Price Risk

The Group is exposed to commodity price risk arising from volatility in the price of raw materials, including copper, zinc, aluminum and others. The Group uses derivative financial instruments, including commodity futures contracts and commodity swap contracts, to manage such risk. Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluates and monitors the market risk exposure caused by transaction and inventory positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes. The Group have certain commodity contracts to conduct economic hedge and apply hedge accounting to mitigate the impact of market price fluctuations volatility on raw material purchasing costs, etc.

Under such risk management strategy and objective, the Group designates the fair value hedge relationship when using the commodity futures contracts and commodity swap contracts hedging the exposure to changes in the fair value of a recognized asset (the raw materials produced and processed by the Group) or an unrecognized firm commitment. The hedged items are the same with the underlying indexes in the commodity derivatives contracts to lock in commodity price fluctuations. The effect of credit risk does not dominate the value changes. Ineffective portion of hedges mainly results from basis risk, and was immaterial. The Group applies hedge accounting based on the position at the end of each reporting period as follows:

	Hedging instruments		Hedged items
	Net book value of hedging instruments	Line items in the statement of financial position including hedging instruments	Accumulated net fair value adjustments on the hedged item (included in the carrying amount of hedged items)
	RMB'000		*RMB'000*
As at December 31, 2023	(77,672)	Other current assets/liabilities	77,672
As at December 31, 2024	(21,016)	Other current assets/liabilities	21,016
As at December 31, 2025	(862,375)	Derivative financial assets/liabilities	862,375
As at May 31, 2026	(97,109)	Derivative financial assets/liabilities	97,109

3.2 Credit Risk

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

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions and Hailiang Group Finance Co., Ltd. ("Hailiang Finance"), an associate of the Group. There has been no recent history of default in relation to those financial institutions.

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

In addition, for loans receivables, the Group determines the amount and type of collateral required based on the credit risk assessment of the counter-party. The pledged collateral of the loan mainly includes commercial and residential real estate properties. The Group monitors the market value of the collateral, requests additional collateral in accordance with the relevant agreements, and monitors changes in the market value of the collateral in the context of the adequacy review of the credit loss allowance. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group had no other material collateral held for debtors or other credit enhancements.

(b) Impairment of Financial Assets

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

- Cash and cash equivalents, restricted cash and term deposits;
- Trade receivables;
- Notes receivables at amortized cost and trade and notes receivables at FVOCI;
- Loans receivables; and
- Other receivables.

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

Cash and cash equivalents, restricted cash and term deposits are mainly placed with high-credit-rating financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025, and May 31, 2026.

Credit risk of trade receivables

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

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

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group has determined that Gross Domestic Product ("GDP") is the most relevant factor. GDP refers to the total market value of all final goods and services produced within a country (or region) using production factors during a specific period.

In forecasting credit losses, the Group adopts macroeconomic factor forecasts issued by securities firms to ensure the credibility and reliability of the data. Like other economic forecasts, the assessment of projected economic indicators and their probability of occurrence inherently involve significant uncertainty. Therefore, actual results may differ materially from the forecasts.

To address this, the Group employs macroeconomic forecasts under three different scenarios (pessimistic, optimistic, and base case) and assigns weights to these forecasts to calculate weighted macroeconomic forecasts. These weighted forecasts are then used to make the best estimate of credit losses under varying economic conditions.

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

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025, and May 31, 2026 were determined as follows for trade receivables:

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

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . . .	25,542	100%	25,542	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.32%
Gross carrying amount	5,379,616	12,044	12,525	5,404,185
Loss allowance	53,796	4,818	12,525	71,139

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	8.76%
Gross carrying amount	62,877	11,366	2,230	2,430	224	640	79,767
Loss allowance	3,144	1,137	669	1,215	179	640	6,984

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

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	26,812	100%	26,812	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.21%
Gross carrying amount	7,835,624	18,406	9,568	7,863,598
Loss allowance	78,356	7,363	9,568	95,287

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	9.15%
Gross carrying amount	61,378	18,852	6,062	598	823	321	88,034
Loss allowance	3,069	1,885	1,818	299	659	321	8,051

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

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	25,089	100%	25,089	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.32%
Gross carrying amount	9,302,648	30,577	17,884	9,351,109
Loss allowance	93,026	12,231	17,884	123,141

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	7.81%
Gross carrying amount	51,704	13,724	4,496	115	151	–	70,190
Loss allowance	2,585	1,372	1,349	58	120	–	5,484

As at May 31, 2026, the loss allowance of individually impaired and grouped impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	46,462	77%	35,667	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.25%
Gross carrying amount	12,237,854	33,478	18,277	12,289,609
Loss allowance	122,379	13,391	18,277	154,047

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	8.01%
Gross carrying amount	52,305	17,851	3,717	674	65	82	74,694
Loss allowance	2,615	1,785	1,115	337	52	82	5,986

The Group's management determined the ECL rates applicable to the portfolio of trade receivables by reference to the past-due status of the respective balances, with default rates estimated based on historical and forward-looking information.

At the end of each Track Record Period, the Group assessed the historically observed default rates and forward-looking estimates, respectively. The Group's management reviewed customers composition underlying the balances of trade receivables for each past-due time band throughout the Track Record Period and observed that the majority of balances within each past-due time band were due from similar customer groups. Furthermore, the Group evaluated these customers' financial position, historical settlement record, business relationship with the Group, and other factors including prevailing market and industry conditions. The Group concluded that the credit risk profile of the same customer groups remained broadly unchanged throughout the Track Record Period. Accordingly, consistent ECL rates were applied to the same past-due time bands for all periods presented.

Based on the above estimation results and with reference to the provisioning rates of comparable peers in the same industry, the Group performed a comprehensive analysis, the result of which is consistent with the fixed rates currently applied. As a result, the fixed provisioning rates were maintained unchanged throughout the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	112,429	103,665	130,150	153,714
Loss allowance (reversed)/recognized, net	(11,661)	29,874	31,299	44,649
Receivables written off	(4,855)	(3,389)	(10,874)	(110)
Others *(i)*	7,752	–	3,139	(2,553)
Closing loss allowance	**103,665**	**130,150**	**153,714**	**195,700**

(i) Others mainly represent the receivables written off in prior years/periods that were recovered in the current year/period and currency translation differences.

Credit risk of notes receivables at amortized cost and trade and notes receivables at FVOCI

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes issued by large sized banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For commercial acceptance bills and financial institution acceptance bills, which are generally settled within six months to one year from their respective dates of issue, the Group recognized impairment provisions of RMB2,668,000, RMB4,018,000, RMB1,247,000 and RMB6,948,000 as at December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

Movements on the provision of ECL for notes receivables at amortized cost and trade and notes receivables at FVOCI are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	1,186	3,624	7,977	3,501
Loss allowance recognized/(reversed), net	2,438	4,353	(4,476)	7,415
Closing loss allowance	**3,624**	**7,977**	**3,501**	**10,916**

Credit risk of other receivables and loans receivables

Loans receivables, and other receivables at the end of each of the periods are mainly comprised of loans to customers, security deposits, tax refund receivables, and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 12 months past due in making a contractual payment, or although the debtor is currently able to repay the principal and interest of the loan, there are certain factors that may have an adverse impact on such repayment, the asset is categorized as underperforming and recognizes lifetime expected credit losses.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations, or although the debtor is currently able to repay the principal and interest of the loan, there are certain factors that may have an adverse impact on such repayment, the asset is categorized as underperforming and recognizes lifetime expected credit losses (Stage 2). If the credit is impaired, the asset is categorized as non-performing and lifetime expected credit losses are recognized (Stage 3):

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	2.29%	18.27%	82.49%	9.93%
Gross carrying amount	1,221,554	75,628	119,920	1,417,102
Loss allowance	27,975	13,818	98,924	140,717
December 31, 2024				
Expected loss rate	2.46%	12.02%	93.94%	10.19%
Gross carrying amount	1,150,067	77,802	104,462	1,332,331
Loss allowance	28,305	9,351	98,128	135,784
December 31, 2025				
Expected loss rate	1.74%	12.38%	98.30%	9.01%
Gross carrying amount	1,356,071	145,577	104,896	1,606,544
Loss allowance	23,626	18,029	103,113	144,768
May 31, 2026				
Expected loss rate	1.53%	11.83%	97.62%	8.39%
Gross carrying amount	1,427,446	198,276	102,062	1,727,784
Loss allowance	21,903	23,459	99,637	144,999

The loss allowances for other receivables and loans receivables for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	129,217	140,717	135,784	144,768
Loss allowance recognized/(reversed), net	892	43,503	4,198	(157)
Receivables written off	–	(52,382)	–	–
Others *(i)*	10,608	3,946	4,786	388
Closing loss allowance	**140,717**	**135,784**	**144,768**	**144,999**

(i) Others represent the receivables written off in prior year/periods that were recovered in the current year/period and currency translation differences.

(c) Write-off Policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

3.3 Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023				
Borrowings	10,272,268	6,421,604	2,231,959	18,925,831
Trade and notes payables	3,114,891	–	–	3,114,891
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	412,604	–	–	412,604
Lease liabilities	37,381	31,187	32,637	101,205
Financial liabilities at FVPL	66,573	–	–	66,573
	13,903,717	**6,452,791**	**2,264,596**	**22,621,104**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Borrowings	17,783,432	2,706,591	2,095,195	263,191	22,848,409
Trade and notes payables	3,103,705	–	–	–	3,103,705
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	375,959	–	–	–	375,959
Lease liabilities	35,383	19,259	15,757	–	70,399
Financial liabilities at FVPL	129,094	–	–	–	129,094
	21,427,573	**2,725,850**	**2,110,952**	**263,191**	**26,527,566**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
Borrowings	16,223,925	4,698,836	1,608,321	589,824	23,120,906
Trade and notes payables	2,753,597	–	–	–	2,753,597
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	361,299	–	–	–	361,299
Lease liabilities	36,569	22,919	26,274	1,224	86,986
Financial liabilities at FVPL	902,666	–	–	–	902,666
	20,278,056	**4,721,755**	**1,634,595**	**591,048**	**27,225,454**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at May 31, 2026					
Borrowings	22,160,366	4,797,089	1,813,429	457,354	29,228,238
Trade and notes payables	2,341,183	–	–	–	2,341,183
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	688,974	–	–	–	688,974
Lease liabilities	30,810	13,885	22,898	1,251	68,844
Financial liabilities at FVPL	130,585	–	–	–	130,585
	25,351,918	**4,810,974**	**1,836,327**	**458,605**	**32,457,824**

The interest rate of borrowings and lease liabilities are disclosed in Note 29 and Note 17, respectively.

3.4 Capital Management

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

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025, and May 31, 2026 are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	40,405,099	44,479,523	48,128,200	52,922,506
Total liabilities	23,566,388	27,531,917	28,720,392	33,544,984
Debt to asset ratio	58.33%	61.90%	59.67%	63.39%

3.5 Fair Value Estimation

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

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

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

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

The Group

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**31,351**	**–**	**–**	**31,351**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,071,509	1,071,509
– Equity investments *(iii)*	–	–	916,000	916,000
	–	**–**	**1,987,509**	**1,987,509**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**66,573**	**–**	**–**	**66,573**

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**153,919**	**–**	**–**	**153,919**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,287,484	1,287,484
– Equity investments *(iii)*	–	–	1,140,400	1,140,400
	–	**–**	**2,427,884**	**2,427,884**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**129,094**	**–**	**–**	**129,094**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**69,505**	**–**	**–**	**69,505**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	916,427	916,427
– Equity investments *(iii)*	–	–	100,000	100,000
	–	**–**	**1,016,927**	**1,016,927**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**902,666**	**–**	**–**	**902,666**

As at May 31, 2026	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**99,958**	**–**	**–**	**99,958**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,717,362	1,717,362
– Equity investments *(iii)*	–	–	69,559	69,559
	–	**–**	**1,786,921**	**1,786,921**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**130,585**	**–**	**–**	**130,585**

The Company

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**4,117**	**–**	**–**	**4,117**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	297,321	297,321
– Equity investments *(iii)*	–	–	916,000	916,000
	–	**–**	**1,213,321**	**1,213,321**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**19,137**	**–**	**–**	**19,137**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	163,349	163,349
– Equity investments *(iii)*	–	–	1,140,400	1,140,400
	–	**–**	**1,303,749**	**1,303,749**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**26,207**	**–**	**–**	**26,207**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	91,849	91,849
– Equity investments *(iii)*	–	–	100,000	100,000
	–	**–**	**191,849**	**191,849**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**390,857**	**–**	**–**	**390,857**

As at May 31, 2026	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**28,686**	**–**	**–**	**28,686**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	146,476	146,476
– Equity investments *(iii)*	–	–	69,559	69,559
	–	**–**	**216,035**	**216,035**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**67,492**	**–**	**–**	**67,492**

The timing of transfers between the fair value hierarchy levels is determined as of the date of the event or change in circumstances that triggers such transfers. During the Track Record Period, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

(i) The fair values of derivative financial assets and liabilities are based on quoted market prices provided by the respective financial institutions.

(ii) These trade and notes receivables were classified and measured at FVOCI as they are held within a business model with the objective of both collecting contractual cash flows and selling.

The fair value of trade receivables and bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

(iii) The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The Company's equity investments at FVOCI measured at Level 3 are equity interests in unlisted companies. For investments in unlisted equity instruments, the Company estimates the fair value by comprehensively considering methods such as the market approach, income approach and asset-based approach with the assistance of an independent valuer. For the equity investments to be disposed of, their fair value is determined by reference to the transaction prices which is based on the valuation conducted by an independent qualified professional valuer.

Details of equity investments measured at FVOCI are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jinchuan Group Co., Ltd. ("**Jinchuan**")*	816,000	1,040,400	–	–
Hangzhou Hailiang Jiuzhi Equity Investment Partnership (Limited Partnership) ("**Jiuzhi**")**	100,000	100,000	100,000	69,559
Total	**916,000**	**1,140,400**	**100,000**	**69,559**

* The Company holds a 1.12% equity interest in Jinchuan, over which it does not exercise significant influence. As this is a non-trading equity instrument, the investment was irrevocably designated as measured at FVOCI upon initial recognition in accordance with IFRS 9.

For the years ended December 31, 2023 and 2024, dividend income recognized in respect of Jinchuan amounted to nil and RMB11,210,000 respectively; fair value gains recognized in other comprehensive income were nil and RMB224,400,000 respectively.

As at December 31, 2024, the Company had entered into a Share Repurchase and Capital Reduction Agreement with Jinchuan to transfer the 1.12% equity to Jinchuan for a total consideration of RMB1,040,400,000. Upon completion of the transaction, the Company will no longer hold any shares in Jinchuan. On March 18, 2025, the Company received the first instalment of the repurchase and capital reduction consideration of RMB312,120,000 from Jinchuan, representing 30% of the total consideration. On June 19, 2025, the relevant industrial and commercial registration procedures for the

repurchase and capital reduction in respect of Jinchuan were completed. In March 2026, the Company received the second instalment of repurchase and capital reduction consideration of RMB312,120,000 and interest of RMB22,577,000 from Jinchuan.

** The Company holds a 19.96% interest in Jiuzhi. The Company does not participate in the management or control of the partnership and does not exercise significant influence over the partnership. As this is a non-trading equity instrument, the investment was irrevocably designated as measured at FVOCI upon initial recognition in accordance with IFRS 9.

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, neither dividend income nor fair value gains or losses in other comprehensive income were recognized in respect of Jiuzhi.

(b) The Group's Valuation Process

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

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

	Level 3 assets		
	Equity investments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	916,000	926,739	1,842,739
Increases	–	144,770	144,770
Decreases	–	–	–
Changes in fair value through OCI	–	–	–
At December 31, 2023	**916,000**	**1,071,509**	**1,987,509**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	916,000	1,071,509	1,987,509
Increases	–	215,975	215,975
Decreases	–	–	–
Changes in fair value through OCI	224,400	–	224,400
At December 31, 2024	**1,140,400**	**1,287,484**	**2,427,884**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	1,140,400	1,287,484	2,427,884
Increases	–	–	–
Decreases	(1,040,400)	(371,057)	(1,411,457)
Changes in fair value through OCI	–	–	–
At December 31, 2025	**100,000**	**916,427**	**1,016,427**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026	100,000	916,427	1,016,427
Increases	–	800,935	800,935
Decreases	–	–	–
Changes in fair value through OCI	(30,441)	–	(30,441)
At May 31, 2026	**69,559**	**1,717,362**	**1,786,921**

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value				Valuation techniques				Significant unobservable input(s)				Range of inputs				Relationship of unobservable input(s) to fair value
	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,	
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*													
Trade and notes receivables at FVOCI *(i)* . .	1,071,509	1,287,484	916,927	1,717,362	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cashflow	Discount rate	Discount rate	Discount rate	Discount rate	1.00% to 1.30%	0.59% to 1.15%	0.54% to 1.52%	0.50% to 2.40%	An increase in discount rate used would result in a decrease in the fair value, and vice versa.
Equity investments at FVOCI – Jinchuan *(ii)* .	816,000	1,040,400	–	–	Guideline public company method	N/A	N/A	N/A	EV/EBITDA	N/A	N/A	N/A	10.19	N/A	N/A	N/A	An increase in EV/EBITDA used would result in an increase in the fair value, and vice versa.
Equity investments at FVOCI – Jiuzhi *(iii)* . .	100,000	100,000	100,000	69,559	Guideline public company method	Guideline public company method	Asset based approach	Asset based approach	P/S	P/S	N/A	N/A	3.69	2.66	N/A	N/A	An increase in P/S used would result in an increase in the fair value, and vice versa.

Sensitivity analysis is performed to assess the exposure of the Group's financial results at the end of each reporting period. Had the significant unobservable inputs been changed as shown below, while other inputs remain constant, the changes of profit before tax would be as follows:

(i) As for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, if the discount rate had been higher/lower by 5%, the fair value of trade and notes receivables at FVOCI would have been approximately RMB196,000, RMB210,000, RMB166,000 and RMB468,000 lower/higher, respectively.

(ii) As for the year ended December 31, 2023, if the EV/EBITDA used had been 5% increased/decreased of the equity investments at FVOCI, the other comprehensive income before tax for the year ended December 31, 2023 would have been approximately RMB68,024,000 higher/lower.

As at December 31, 2024, the Company entered into the Equity Repurchase and Capital Reduction Agreement with the investee company, pursuant to which the investee company shall repurchase all of the equity interests held by the Company at a consideration of RMB1,040,400,000. The Company used such transaction price as the fair value of the this investment.

(iii) For the years ended December 31, 2023 and 2024, if the P/S used had been 5% increased/decreased of the equity investments at FVOCI, the other comprehensive income before tax would have been approximately RMB4,417,000 and RMB4,934,000 higher/lower, respectively.

Jiuzhi is an investment company principally engaged in investing in a technology company (the "Investee"). In 2025, the Investee completed a financing round. In assessing the fair value of Jiuzhi as at December 31, 2025, the valuer adopted the asset based approach and, the valuation was determined by reference to the post-financing valuation of the Investee's total equity value as reflected in the recent investment agreements dated in May 2025, and then multiplying by the equity interest held by Jiuzhi. The resulting movement in fair value was immaterial. In 2026, the Investee completed an equity financing transaction and management adopted asset based approach to determine the fair value as at May 31, 2026 with reference to this recent transaction.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese mainland. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified GDP as the most relevant factor, utilizes macroeconomic forecasts under three distinct scenarios, and assigns weights to these forecasts to derive weighted macroeconomic forecasts. Accordingly, the historical loss rates are adjusted based on these weighted forecasts to make the best estimate of credit losses under varying economic conditions.

(b) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimated net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for direct sale, their net realizable value is determined as the amount equal to the estimated selling price of such inventories in the ordinary course of business, less the estimated selling expenses and relevant taxes and levies. For inventories requiring further processing, their net realizable value is determined as the amount equal to the estimated selling price of the finished goods to be produced therefrom in the ordinary course of business, less the estimated costs to complete, the estimated selling expenses and relevant taxes and levies. If certain portions of the same item of inventory are subject to contractual pricing while other portions are not, the net realizable value of each portion shall be determined separately.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets (excluding goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Impairment of Non-Financial Assets

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

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

(e) Income Tax and Deferred Taxation

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

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

(f) Fair Value Measurement of Financial Assets and Liabilities at Level 3 Fair Value Hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.5.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The executive directors assess the financial performance and position of the Group and makes strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director, the chief financial officer and the managers for each business unit. The CODM review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

For management purposes, the Group operates in one business unit based on its products and services, and has one reportable segment being the segment which principally engages in the research, development and commercialization of copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCB, copper-based solutions for AI applications, copper trade activities and others.

(b) Revenue from external customers

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with external customers					
Timing of revenue recognition					
At a point in time					
– Sales of goods					
Copper-processed products for HVAC and industrial applications	47,851,227	58,698,613	60,083,728	26,409,103	32,056,894
Copper foils for lithium batteries and PCBs	734,826	2,860,675	5,792,089	1,836,891	3,909,615
Copper-based products for AI applications	125,996	235,926	591,797	147,075	307,846
Copper trade activities	26,464,685	25,133,293	16,253,923	6,227,003	3,990,472
Others	360,287	427,012	440,778	135,174	151,336
	75,537,021	**87,355,519**	**83,162,315**	**34,755,246**	**40,416,163**
Other revenue *(i)*	196,555	186,618	144,383	65,025	53,525
	75,733,576	**87,542,137**	**83,306,698**	**34,820,271**	**40,469,688**

(i) Other revenue comprises interest income generated from Zhejiang Haibo Micro-credit Co., Ltd ("Haibo Micro-credit"), a subsidiary of the Group, of RMB160,013,000, RMB158,638,000, RMB105,698,000, RMB49,142,000 and RMB32,460,000 for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, respectively; and lease income of RMB36,542,000, RMB27,980,000, RMB38,685,000, RMB15,883,000 and RMB21,065,000 for the corresponding years/periods.

(c) Geographical Information

The Company is domiciled in Chinese Mainland. The amount of the Group's revenue from contracts with external customers by location is shown in the table below:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	47,479,068	54,997,598	51,973,184	21,786,590	26,713,717
Other countries or regions	28,057,953	32,357,921	31,189,131	12,968,656	13,702,446
	75,537,021	**87,355,519**	**83,162,315**	**34,755,246**	**40,416,163**

(d) Revenue from Major Customers

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, no customer contributed more than 10% of the Group's total sales.

(e) Contract Liabilities

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities in relation to sale of goods	414,429	467,709	680,701	404,269

As at January 1, 2023, the Group's contract liabilities from customers amounted to approximately RMB422,600,000.

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognized that was included in the beginning balance	416,788	397,635	448,059	344,998	337,965

Management expects that the unsatisfied obligation of RMB4,137,884,000, RMB7,066,332,000, RMB6,651,145,000 and RMB8,063,676,000 as at December 31, 2023, 2024 and 2025, and May 31, 2026, respectively, will be substantially recognized as revenue within one year.

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of goods

The Group are principally engaged in the research and development, production and sales of copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCB, copper-based solutions for AI applications, and copper trade activities. The Company's revenue is mainly derived from the sales of relevant products, all of which fall under the scope of performance obligations satisfied at a point in time.

Revenue recognition for domestic sales of products is accounted for in two ways, namely the issuance-settlement method and the acceptance method. Under the issuance-settlement method, pursuant to the sales and purchase contracts entered into between the Company and its customers, the Company shall recognize sales revenue based on the settlement notices and other supporting documents confirmed by customers after the Company's products have been delivered, inspected and accepted by customers and then issued for use. Under the acceptance method, in accordance with the terms of the supply contracts, products are delivered as required by customers, and the Company shall recognize sales revenue when the products have been delivered to the agreed delivery locations as specified in the contracts and confirmed as received by customers, consideration has been received or the right to collect consideration has been confirmed by customers, and it is probable that the related economic benefits will flow to the Group.

Revenue from export sales is recognized when the goods have been dispatched in accordance with the terms of the export sales contracts, customs declaration formalities for the products have been completed, and the bill of lading or bonded warehouse warehousing report has been obtained.

The Group determines whether it is a principal or an agent for each performance obligation, based on control of goods prior to transfer. Revenue is recognized on a gross basis when acting as principal, and on a net basis when acting as agent.

Payments are due within 120 days following delivery, and sales contracts contain no significant financing components. The Group has limited exposure to variable consideration, mainly sales rebates. These rebates are estimated based on historical experience, and included in the transaction price only to the extent that a significant reversal of cumulative recognised revenue is not anticipated.

(ii) Interest income from loans receivables

Interest income on loans receivables is recognized using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash inflows or outflows through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The calculation of the effective interest rate takes into account the contractual terms of the financial instrument (such as prepayment options) and includes all fees and transaction costs that are an integral part of the effective interest rate, but excludes expected credit losses.

Interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset, except for the following cases: (1) For purchased or originated credit-impaired financial assets, interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. (2) For financial assets that are not credit-impaired upon initial recognition but become credit-impaired in subsequent periods, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset (i.e., the gross carrying amount less the loss allowance for expected credit losses). If, in a subsequent period, the credit risk of the financial instrument improves such that the asset is no longer considered credit-impaired and the improvement can be objectively attributed to an event occurring after the application of the above provisions, interest income is subsequently recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

6. OTHER INCOME

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Government grants *(i)*	140,295	164,272	227,463	57,212	47,357
Interest income *(ii)*	164,789	111,381	99,716	30,301	30,450
Exemption and additional deduction for VAT *(iii)*	1,237	12,492	(7,534)	927	59,000
Dividend income *(iv)*	–	11,210	–	–	–
Others	380	511	810	749	743
	306,701	**299,866**	**320,455**	**89,189**	**137,550**

(i) The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development ("R&D") activities and financing activities. Unconditional government grants are recognized in profit and loss when received while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.

(ii) The amount mainly comprises interest income on the Group's term deposits classified as financial assets at amortized cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in "Finance costs, net" (Note 10).

(iii) Pursuant to the Announcement [2023] No. 43 "Notice on the Additional Value-Added Tax ("VAT") Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值税加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027.

(iv) Dividend income earned during the holding period of investments in equity investment at FVOCI.

7. OTHER (LOSSES)/GAINS, NET

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net (losses)/gains on disposal of financial instruments	(308,672)	(63,774)	(27,336)	(12,008)	91,557
Fair value changes on derivative financial instruments	29,551	60,058	(48,049)	(70,690)	106,260
Net foreign exchange differences	109,465	(174,821)	297,775	149,672	(81,964)
Net (losses))/gains on disposal of property, plant and equipment and other non-current assets	(16,475)	2,841	(25,126)	271	(2,583)
Loss on disposal of trade and notes receivables	(92,628)	(155,232)	(110,056)	(51,539)	(58,515)
Trade payables written-off	118	34,527	2,763	746	56
Fines, penalties and liquidated damages income	6,629	15,553	17,042	14,285	2,599
Others	4,054	(681)	(9,996)	(578)	749
	(267,958)	**(281,529)**	**97,017**	**30,159**	**58,159**

8. EXPENSE BY NATURE

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Raw materials	70,122,703	81,323,943	76,313,845	31,796,321	36,930,827
Impairment (credit)/losses on inventories	(3,074)	13,008	2,754	1,676	12,021
Employee benefit expenses *(Note 9)*	1,603,065	1,901,462	1,953,924	864,995	1,000,251
Depreciation and amortization	557,167	844,119	952,613	390,979	410,836
Auditors' remunerations	2,340	2,717	2,717	–	–
[**REDACTED**]	–	–	496	–	1,598
Other expenses *(i)*	1,699,063	2,144,013	2,636,952	1,153,011	1,236,788
	73,981,264	**86,229,262**	**81,863,301**	**34,206,982**	**39,592,321**

(i) Other expenses primarily consist of taxes and surcharges, transportation cost, consulting fees, utility cost, and other miscellaneous operating expenses.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Wages, salaries and bonuses	1,236,307	1,455,527	1,466,513	657,929	684,648
Housing fund, medical insurance and other social security contributions	233,958	264,737	280,267	114,193	125,161
Pension costs – defined contribution plans	55,245	71,187	68,593	30,953	35,541
Enterprise annuities	20,732	20,148	25,082	8,348	10,638
Service fees	6,753	30,215	23,698	7,867	14,468
Short-term profit-sharing plans	732	11,483	8,758	5,045	6,664
Other short-term employee benefits	2,261	3,373	3,674	670	552
Other employee benefits *(ii)*	47,077	44,792	77,339	39,990	122,579
	1,603,065	**1,901,462**	**1,953,924**	**864,995**	**1,000,251**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2025 and 2026, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(ii) The Group launched a restructuring of its wholly-owned subsidiary in France, HME Brass France SAS ("HBF") and has reached an agreement with respective trade-union organisations in France, covering employee placement, job transfer support, severance compensation, and other related matters. As a result, as at May 31, 2026, the Group made a provision for termination benefits of EUR12,188,000 (equivalent to RMB98,352,000) and made an impairment of related property, plant and equipment of RMB14,719,000 (Note 16).

(a) Directors' and Supervisors' Remuneration

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

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	2,462	26	17	2,505
Mr. Chen Dong	–	709	28	55	792
Dr. Wang Shuguang *(i)*	–	–	–	–	–
Mr. Jiang Limin	–	890	28	63	981
Mr. Shao Guoyong	–	854	28	75	957
Mr. Jin Gang *(ii)*	–	37	5	10	52
Independent directors:					
Mr. Deng Chuan	107	–	–	–	107
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian	107	–	–	–	107
Supervisors:					
Mr. Zhu Zhangquan	–	1,426	28	65	1,519
Mr. Qian Ziqiang *(ii)*	–	98	3	5	106
Mr. Yu Tiejun	–	339	14	29	382
Dr. Luo Chong	–	998	19	27	1,044
Total	**321**	**7,813**	**179**	**346**	**8,659**

(i) The remuneration for Mr. Cao Jianguo and Mr. Wang Shuguang is paid by Hai Liang Group Company Limited (hereinafter referred to as "Hai Liang Group").

(ii) On February 27, 2023, Mr. Jin Gang resigned as a director of the Company, and Mr. Qian Ziqiang resigned as a supervisor of the Company.

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	2,644	29	15	2,688
Mr. Chen Dong	–	715	29	49	793
Dr. Wang Shuguang	–	1,421	31	38	1,490
Mr. Jiang Limin	–	875	29	65	969
Mr. Shao Guoyong	–	1,015	28	76	1,119
Independent directors:					
Mr. Deng Chuan *(ii)*	107	–	–	–	107
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian	107	–	–	–	107
Supervisors:					
Mr. Zhu Zhangquan	–	735	29	77	841
Mr. Yu Tiejun	–	401	15	29	445
Dr. Luo Chong	–	1,002	20	27	1,049
Total	**321**	**8,808**	**210**	**376**	**9,715**

(i) The remuneration for Mr. Cao Jianguo is paid by Hai Liang Group.

(ii) On January 2, 2025, Mr. Deng Chuan resigned as an independent director of the Company.

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i) (ii)*	–	–	–	–	–
Mr. Feng Luming	–	2,404	32	22	2,458
Mr. Chen Dong *(ii)*	–	879	32	77	988
Mr. Wang Shuguang	–	1,339	34	44	1,417
Mr. Jiang Limin *(ii)*	–	274	19	39	332
Mr. Shao Guoyong *(ii)*	–	251	19	44	314
Mr. Wu Changming *(ii)*	–	1,338	32	76	1,446
Mr. He Wentian *(i)(ii)*	–	–	–	–	–
Mr. Su Hao *(ii)*	–	613	9	20	642
Mr. Luo Chong *(ii)*	–	595	9	15	619
Independent directors:					
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian *(iii)*	63	–	–	–	63
Ms. Li Wengui *(iii)*	107	–	–	–	107
Mr. Zheng Jindu *(iii)*	50	–	–	–	50
Supervisors: *(iv)*					
Mr. Zhu Zhangquan	–	298	19	45	362
Mr. Yu Tiejun	–	109	9	19	137
Mr. Luo Chong	–	833	13	20	866
Total	**327**	**8,933**	**227**	**421**	**9,908**

(i) The remuneration for Mr. Cao Jianguo and Mr. He Wentian is paid by Hai Liang Group.

(ii) On July 25, 2025, Mr. Chen Dong, Mr. Cao Jianguo, Mr. Jiang Limin and Mr. Shao Guoyong resigned as directors of the Company, and Mr. Wu Changming, Mr. He Wentian, Mr. Su Hao and Mr. Luo Chong were appointed as directors of the Company.

(iii) On January 2, 2025, Ms. Li Wengui was appointed as an independent director of the Company. On July 25, 2025, Mr. Liu Guojian resigned as an independent director of the Company, and Mr. Zheng Jindu was appointed as an independent director of the Company.

(iv) The Company abolished the Board of Supervisors with effect from July 2025. The current period remuneration represents supervisors' remuneration expenses for the period from January to July 2025.

Five months ended May 31, 2025 (Unaudited)	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	727	13	9	749
Mr. Chen Dong	–	241	13	32	286
Mr. Wang Shuguang	–	283	14	18	315
Mr. Jiang Limin	–	196	13	27	236
Mr. Shao Guoyong	–	180	13	31	224
Independent directors:					
Mr. Wen Xianjun	45	–	–	–	45
Mr. Liu Guojian	45	–	–	–	45
Ms. Li Wengui	45	–	–	–	45
Supervisors:					
Mr. Zhu Zhangquan	–	193	13	32	238
Mr. Yu Tiejun	–	78	7	14	99
Mr. Luo Chong	–	320	9	15	344
Total	**135**	**2,218**	**95**	**178**	**2,626**

(i) The remuneration for Mr. Cao Jianguo is paid by Hai Liang Group.

Five months ended May 31, 2026	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Feng Luming	–	721	20	22	763
Mr. Wang Shuguang	–	272	16	18	306
Mr. Wu Changming	–	285	13	33	331
Mr. He Wentian	–	318	13	33	364
Mr. Su Hao	–	535	9	20	564
Mr. Luo Chong	–	297	20	24	341
Independent directors:					
Mr. Wen Xianjun	45	–	–	–	45
Ms. Li Wengui	45	–	–	–	45
Mr. Zheng Jindu	45	–	–	–	45
Total	**135**	**2,428**	**91**	**150**	**2,804**

(b) Directors' and Supervisors' Other Benefits

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

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

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

Save as disclosed in Note 44, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, include 1, 1, 3, 2 and 3 directors, respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 4, 4, 2, 3 and 2 individuals during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2025 and 2026, respectively, are as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	**9,101**	**6,488**	**3,345**	**1,696**	**882**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD1 to HKD500,000	–	–	–	–	1
HKD500,001 to HKD1,000,000	–	–	–	3	1
HKD1,000,001 to HKD1,500,000	–	–	–	–	–
HKD1,500,001 to HKD2,000,000	1	3	2	–	–
HKD2,000,001 to HKD2,500,000	–	1	–	–	–

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD2,500,001 to HKD3,000,000	2	–	–	–	–
HKD3,000,001 to HKD3,500,000	1	–	–	–	–
	4	**4**	**2**	**3**	**2**

10. FINANCE COSTS, NET

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Finance income:					
Interest income from financial assets held for cash management purposes	33,073	22,470	31,511	11,076	6,059
Finance costs:					
Interest expenses on borrowings	(688,084)	(693,362)	(677,423)	(302,079)	(279,231)
Interest expenses on lease liabilities	(4,976)	(4,178)	(4,709)	(1,798)	(1,675)
Net exchange (losses)/gains on foreign currency borrowings	(24,387)	(33,245)	(54,102)	2,376	(44,040)
Others	(2,380)	(1,361)	(1,849)	(44)	25
Less: capitalized finance costs	152,035	14,309	26,129	5,276	12,944
Finance costs total	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net	**(534,719)**	**(695,367)**	**(680,443)**	**(285,193)**	**(305,918)**

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, the Group's capitalization interest rates were 3.95% to 4.47%, 4.2%, 2.95%, 2.95% and 2.95%, respectively.

11. INCOME TAX EXPENSES

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current income tax	216,439	262,551	328,480	181,071	216,075
Deferred income tax	(4,163)	(215,402)	(97,386)	(101,104)	(23,259)
	212,276	**47,149**	**231,094**	**79,967**	**192,816**

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.

(a) PRC Corporate Income Tax

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

Pursuant to the "Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on the Extension of Enterprise Income Tax Policies for the Western Development" (Announcement of the Ministry of Finance [2020] No. 23) (《關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號)), from January 1, 2021 to December 31, 2030, encouraged-industry enterprises established in the western region are subject to a reduced corporate income tax ("CIT") rate of 15%. Two subsidiaries qualified as such enterprises and were taxed at the reduced rate of 15% in 2023 and 2024, while one subsidiary was eligible for the 15% preferential tax rate in 2025 and 2026.

Six subsidiaries of the Group were qualified as High and New Technology Enterprises ("HNTE") and entitled to the preferential CIT rate of 15% in 2023 and 2024. Two subsidiaries of the Group maintained HNTE status and were eligible for the 15% preferential CIT rate in 2025 and 2026.

Pursuant to "Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Corporate Income Tax Policies for Micro and Small Profit-making Enterprises" (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration), "Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households by Relevant Tax and Fee Policies" (《財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration) and "Announcement on Implementing Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households" (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration), for the period from January 1, 2023 to December 31, 2027, 25% of the portion of MSMEs' annual taxable income not exceeding RMB1,000,000 shall also be taxed at the 20% CIT rate. Two subsidiaries of the Group qualified as MSMEs and thus paid CIT at the 20% rate. in 2023 and 2024. Nine subsidiaries qualified as MSMEs and were subject to CIT at the rate of 20% in 2025 and 2026.

Three subsidiaries are photovoltaic power generation enterprises eligible for the CIT incentive of "Three-Year Exemption and Three-Year Half-Rate Reduction" for the years ended December 31, 2023 and 2024, and one subsidiary is eligible for such incentive for the year ended December 31, 2025. Commencing from the year in which the projects derived their first production and operation income, CIT shall be exempted for the first to the third years and levied at a 50% reduced rate for the fourth to the sixth years. These subsidiaries were in the CIT half-rate reduction phase during the Track Record Period.

Pursuant to the "Circular on VAT Preferential Policies for Promoting Employment of the Disabled" (《關於促進殘疾人就業增值稅優惠政策的通知》) (Cai Shui [2016] No. 52) issued by the Ministry of Finance and the State Taxation Administration, one subsidiary is accredited as a welfare enterprise and enjoys a preferential policy of 100% extra deduction of actual wages paid to the disabled before enterprise income tax during the Track Record Periods.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. Pursuant to Inland Revenue Ordinance of Hong Kong, three subsidiaries of the Group are exempt from CIT in respect of their offshore-sourced profits. However, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was gazetted and came into effect on June 6, 2025, imposing a 15% global minimum tax and Hong Kong domestic minimum top-up tax on large multinational enterprise groups with effect from January 1, 2025, resulting in the effective tax rate of the subsidiaries being topped up to 15%.

(c) Vietnam Profits Tax

A subsidiary of the Company is subject to an annual CIT tax rate of 10% for the first 15 years commencing from the date of commencement of production and operation; upon the expiry of the aforesaid period, the applicable annual CIT rate shall be 20%. In addition, the subsidiary is entitled to the CIT preferential policy of "four-year exemption and nine-year half-rate reduction" starting from its profit-making year. For the years ended December 31, 2023 and 2024, the subsidiary was in the half-rate tax payment period, and was subject to CIT rates of 5% and 10% respectively.

(d) Thailand Profits Tax

Pursuant to the investment incentive policies of the Board of Investment (BOI) of Thailand, the new production line of one subsidiary of the Group is exempt from CIT on profits generated from February 2022 to February 2025. Upon the expiry of this period, the applicable annual corporate income tax rate shall be 20%.

(e) Morocco Profits Tax

Six subsidiaries are established in Morocco's tax-free zones and thus exempt from value-added tax. In addition, they are entitled to a 5-year CIT exemption commencing from the date of commencement of production and operation, after which the applicable annual CIT rate shall be 20%.

(f) Indonesia Profits Tax

One of the Company's subsidiaries shall be exempt from CIT for 20 tax years commencing from the tax year in which it commences commercial production. Upon the expiry of the aforesaid 20-year tax exemption period, the subsidiary shall be subject to a 50% reduction in CIT for the subsequent two tax years. The subsidiary commenced commercial production in 2024, and is exempt from CIT for 2024, 2025, and 2026.

(g) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including South Korea, Singapore, Japan, Germany, Italy, France, Australia, and Netherlands, had been calculated on the estimated assessable profit during the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(h) OECD Pillar Two Model Rules

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

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

Pillar Two model rules are enacted in certain jurisdictions in which the Company's subsidiaries are incorporated, and this implementation has no material tax impact to the Group. The Group has no related current tax exposure during the Track Record Period.

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before income tax	1,381,738	671,059	1,241,063	454,106	747,716
Income tax calculated at the domestic rates applicable to profits in the country concerned (25%)	345,435	167,765	310,266	113,527	186,929
Tax effect of:					
Effect of different tax rates applicable to subsidiaries	(56,609)	(75,535)	(43,220)	(30,878)	(35,099)
Adjustments in respect of current tax of previous periods	(14,427)	(10,910)	11,669	(1,455)	1,590
Super deduction for research and development expenditure	(31,561)	(31,041)	(27,451)	(10,984)	(12,631)
Non-deductible expenses for tax purposes	846	5,771	33,969	3,482	7,268
Utilization of previously unrecognized tax losses and temporary differences	(27,325)	(25,090)	(29,125)	(895)	(542)
Unused tax losses and temporary differences not recognized as deferred tax assets	63,422	100,190	67	13,576	58,625
Non-taxable income	(68,426)	(84,494)	(26,590)	(9,801)	(8,619)
Others	921	493	1,509	3,395	(4,705)
	212,276	**47,149**	**231,094**	**79,967**	**192,816**

12. DIVIDENDS

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year/period *(i)*	(159,164)	(339,714)	(345,689)	–	–
Final dividends in respect of the previous year, declared but not paid during the year/period *(ii)*	–	–	–	(345,689)	(283,023)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interim dividends in respect of current year, declared and paid during the year/period *(ii)*	–	–	(221,112)	–	–
	(159,164)	**(339,714)**	**(566,801)**	**(345,689)**	**(283,023)**

(i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024 of RMB0.80 per 10 shares (tax inclusive), RMB1.70 per 10 shares (tax inclusive) and RMB1.80 per 10 shares (tax inclusive), were approved by the shareholders in the Annual General Meeting, respectively.

(ii) Final dividends attributable to owners of the Company in respect of 2024 and 2025 of RMB1.80 per 10 shares (tax inclusive) and RMB1.28 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting but not paid as at May 31, 2025 and 2026.

(iii) Interim dividends attributable to owners of the Company in respect of 2025 of RMB1.00 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit attributable to ordinary shareholders of the Company (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
Weighted average number of ordinary shares in issue (thousands)	1,989,498	1,987,604	2,015,703	1,935,433	2,211,119
Basic EPS (RMB per share)	**0.57**	**0.36**	**0.48**	**0.21**	**0.18**

(b) Diluted Earnings Per Share

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit attributable to owners of the Company (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
The impact of interest expense on the convertible bonds (RMB'000)	48,592	105,727	75,051	45,133	–
Diluted net profit attributable to ordinary shareholders of the Company (RMB'000)	1,174,141	821,543	1,036,690	443,187	405,275

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Weighted average number of ordinary shares in issue (thousands)	1,989,498	1,987,604	2,015,703	1,935,433	2,211,119
Adjustments for potential shares arising from convertible bonds (thousands)	289,734	283,267	202,994	288,406	–
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	2,279,232	2,270,871	2,218,697	2,223,839	2,211,119
Diluted EPS (RMB per share)	**0.52**	**0.36**	**0.47**	**0.20**	**0.18**

14. INVESTMENTS IN ASSOCIATES

The Group

The amounts of investments accounted for using the equity method recognized in the Historical Financial Information are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates				
Hailiang Finance	1,262,298	1,187,872	1,170,293	1,137,453
Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	873,467
	2,057,575	**2,023,179**	**2,023,768**	**2,010,920**

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

	As at December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,945,959	2,057,575	2,023,179	2,023,768
Share of results of associates	117,071	112,944	91,658	32,465
Share of other comprehensive income/(loss)	987	9,491	(14,237)	2,687
Dividends	(6,442)	(156,831)	(76,832)	(48,000)
At the end of the year/period	**2,057,575**	**2,023,179**	**2,023,768**	**2,010,920**

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

The basic information of material associates is as follows:

Name of associate	Principal place of business	Place of incorporation	Nature of business	Proportion of Ownership Interest (%)	
				Direct	Indirect
Hailiang Finance	Zhejiang, PRC	Zhejiang, PRC	Financial services	26.68	13.32
Bank of Ningxia Co., Ltd.*	Ningxia, PRC	Ningxia, PRC	Commercial banking services	5.55	–

* The Company has one director nominated to the board of Bank of Ningxia Co., Ltd., who participates in the financial and operating policy decisions of Bank of Ningxia Co., Ltd. Accordingly, the investment in Bank of Ningxia Co., Ltd. is accounted for using the equity method.

Reconciliation of the carrying amounts of interests in associates recognized in the Historical Financial Information:

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Hailiang Finance	1,262,298	1,187,872	1,170,293	1,133,890	1,137,453
Amounts of the Group's share of:					
Profit for the year/period	83,649	77,574	54,423	18,019	15,160
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**83,649**	**77,574**	**54,423**	**18,019**	**15,160**

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	842,846	873,467
Amounts of the Group's share of:					
Profit for the year/period	33,422	35,370	37,235	15,545	17,305
Other comprehensive income/(loss)	987	9,491	(14,237)	(8,007)	2,687
Total comprehensive income/(loss)	**34,409**	**44,861**	**22,998**	**7,538**	**19,992**

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

	Hailiang Finance			
	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	9,167,952	9,559,303	7,773,459	6,889,112
Total liabilities	6,012,207	6,589,625	4,847,725	4,045,479
Share of net assets calculated based on the shareholding ratio	1,262,298	1,187,872	1,170,293	1,137,453

	Hailiang Finance				
	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Total revenue	270,477	200,916	180,031	71,407	58,433
Net profit	209,123	193,933	136,056	45,046	37,899
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**209,123**	**193,933**	**136,056**	**45,046**	**37,899**

	Bank of Ningxia Co., Ltd.			
	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	203,344,750	207,060,950	214,836,294	219,784,202
Total liabilities	189,014,580	192,009,476	199,457,465	204,045,136
Share of net assets calculated based on the shareholding ratio	795,277	835,307	853,475	873,467

	Bank of Ningxia Co., Ltd.				
	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Total revenue	7,115,534	6,051,192	5,458,930	2,246,996	2,250,392
Net profit	603,015	637,133	670,702	280,112	281,618
Other comprehensive income/(loss)	47,992	171,015	(256,502)	(144,276)	48,412
Total comprehensive income	**651,007**	**808,148**	**414,200**	**135,836**	**330,030**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates:				
Hailiang Finance	850,923	801,664	789,964	768,072
Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	873,467
	1,646,200	**1,636,971**	**1,643,439**	**1,641,539**

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,562,437	1,646,200	1,636,971	1,643,439
Share of results of associates	89,218	87,111	73,536	27,413
Share of other comprehensive income/(loss)	987	9,491	(14,237)	2,687
Dividends	(6,442)	(105,831)	(52,831)	(32,000)
At the end of the year/period	**1,646,200**	**1,636,971**	**1,643,439**	**1,641,539**

Reconciliation of the carrying amounts of interests in associates recognized in the Historical Financial Information:

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Hailiang Finance	850,923	801,664	789,964	765,677	768,072
Amounts of the Company's share of:					
Profit for the year/period	55,796	51,741	36,300	12,014	10,108
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**55,796**	**51,741**	**36,300**	**12,014**	**10,108**

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	842,846	873,467
Amounts of the Company's share of:					
Profit for the year/period	33,422	35,370	37,235	15,545	17,305
Other comprehensive income/(loss)	987	9,491	(14,237)	(8,007)	2,687
Total comprehensive income	**34,409**	**44,861**	**22,998**	**7,538**	**19,992**

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15. SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's principal subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/paid-up capital	Equity interest held by the company								
				As at December 31,						As at May 31,		
				2023		2024		2025		2026		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Principal activities
			'000									
1	Shanghai Hailiang Copper Co., Ltd. (上海海亮銅業有限公司)	Chinese Mainland, limited liability company	USD79,729	85.45%	14.55%	85.45%	14.55%	85.45%	14.55%	85.45%	14.55%	Production and Manufacturing
2	Ningbo Hailiang Copper Co., Ltd. (寧波海亮銅業有限公司)	Chinese Mainland, limited liability company	RMB20,000	–	100.00%	–	100.00%	49.00%	51.00%	49.00%	51.00%	Commodity Circulation
3	Hailiang (Anhui) Copper Co., Ltd. (海亮(安徽)銅業有限公司)	Chinese Mainland, limited liability company	RMB530,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
4	Hailiang Copper Texas Inc	U.S., incorporated	USD1,000	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
5	HME Copper Germany GmbH	Germany, limited liability company	EUR25	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
6	Hong Kong Hailiang Metal Trading Limited (香港海亮銅貿易有限公司)	Hong Kong, limited liability company	USD186,669	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
7	Loyal Hailiang Copper (Thailand) Co., Ltd.	Thailand, limited liability company	THB1,408,250	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
8	Guangdong Hailiang Copper Co., Ltd. (廣東海亮銅業有限公司)	Chinese Mainland, limited liability company	RMB500,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
9	HAILIANG (SINGAPORE) PTE. LTD.	Singapore, limited liability company	USD100,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
10	HAILIANG (VIETNAM) COPPER MANUFACTURING COMPANY LIMITED.	Vietnam, limited liability company	USD40,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
11	HAILIANG (VIETNAM) METAL PRODUCTS CO., LTD.	Vietnam, limited liability company	USD8,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
12	JMF Company	U.S., limited liability company	USD771	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
13	Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司) ("Gansu Hailiang") *(i)*	Chinese Mainland, limited liability company	RMB4,280,000	48.60%	–	48.60%	–	48.60%	–	48.60%	–	Production and Manufacturing
14	PT HAILIANG NOVA MATERIAL INDONESIA	Indonesia, limited liability company	IDR40,000,000	10.00%	90.00%	10.00%	90.00%	10.00%	90.00%	10.00%	90.00%	Production and Manufacturing
15	HAILIANG MOROCCO ENTERPRISE	Morocco, limited liability company	MAD100	–	–	99.90%	0.10%	99.90%	0.10%	99.90%	0.10%	Production and Manufacturing

(i) Difference between equity interest and voting right ratios in a subsidiary

The Company originally held 100% equity interest in Gansu Hailiang. Pursuant to the resolution of the shareholders' general meeting held in December 2023 and the amended articles of association, Gansu Hailiang increased its registered capital by RMB3,300,000,000. The Company subscribed for RMB1,100,000,000 of the increased capital, Hai Liang Group subscribed for RMB400,000,000, Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)) subscribed for RMB1,500,000,000, and Gongrong Jintou (Beijing) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (工融金投(北京)新興產業股權投資基金合夥企業(有限合夥)) subscribed for RMB300,000,000.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Company held 48.60% of the equity interest in Gansu Hailiang, and Hai Liang Group held 9.34% of the equity interest therein. Hai Liang Group has entrusted the voting rights attached to its 9.34% equity interest in Gansu Hailiang to the Company, resulting in the Company's voting right ratio in Gansu Hailiang being 57.94%. Therefore, the Company still controls Gansu Hailiang and continues to include it in the scope of consolidated financial statements.

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

	Name of subsidiary	Name of statutory auditors		
		2023	2024	2025
1 . .	Shanghai Hailiang Copper Co., Ltd. (上海海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
2 . .	Ningbo Hailiang Copper Co., Ltd. (寧波海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
3 . .	Hailiang (Anhui) Copper Co., Ltd. (海亮(安徽)銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
4 . .	Hailiang Copper Texas Inc	J&J CPA GROUP	J&J CPA GROUP	J&J CPA GROUP
5 . .	HME Copper Germany GmbH	Ebner Stolz GmbH & Co. KG	Ebner Stolz GmbH & Co. KG	Ebner Stolz GmbH & Co. KG
6 . .	Hong Kong Hailiang Metal Trading Limited (香港海亮銅貿易有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
7 . .	Loyal Hailiang Copper (Thailand) Co., Ltd.	KPMG Phoomchai Audit Limited	KPMG Phoomchai Audit Limited	KPMG Phoomchai Audit Limited
8 . .	Guangdong Hailiang Copper Co., Ltd. (廣東海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
9 . .	HAILIANG (SINGAPORE) PTE. LTD.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
10. .	HAILIANG (VIETNAM) COPPER MANUFACTURING COMPANY LIMITED.	U&I Auditing Co., Ltd.	U&I Auditing Co., Ltd.	U&I Auditing Co., Ltd.
11. .	HAILIANG (VIETNAM) METAL PRODUCTS CO., LTD.	Viet Nhat Audit Co., Ltd.	Viet Nhat Audit Co., Ltd.	Viet Nhat Audit Co., Ltd.
12. .	JMF Company	Anderson Lower, Whitlow P.C.	Anderson Lower, Whitlow P.C.	Anderson Lower, Whitlow P.C.
13. .	Gansu Hailiang	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
14. .	PT HAILIANG NOVA MATERIAL INDONESIA	KAP Heliantono & Rekan	KAP Heliantono & Rekan	KAP Heliantono & Rekan
15. .	HAILIANG MOROCCO ENTERPRISE *(a)*	N/A	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP

(a) The entity was established in 2024.

(b) The English names of the Chinese Mainland companies are direct translation or transliteration of their Chinese registered names.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(d) Transaction with non-controlling interests:

The Group acquired/disposed certain equity interests of certain subsidiaries from/to non-controlling shareholders, and the difference between consideration paid/received and the carrying amount of equity interest acquired/disposed was recognized as an increase/decrease in reserves. Major transactions during the Track Record Period as follows:

– Major transactions during the year ended December 31, 2023

The Company originally held 100% equity interest in Gansu Hailiang. Pursuant to the resolution of the shareholders' meeting held in December 2023 and the amended articles of association, Gansu Hailiang increased its registered capital by RMB3,300,000,000. The subscription details are as follows: the Company subscribed for RMB1,100,000,000, Hai Liang Group for RMB400,000,000, Shenzhen Venture Capital Manufacturing Transformation and Upgrade New Materials Fund (Limited Partnership) for RMB1,500,000,000, and Gongrong Jintou (Beijing) Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) for RMB300,000,000. As at December 31, 2023, the Company's equity ownership ratio in Gansu Hailiang decreased from 100% to 48.60%. The Group recognized an increase in other reserves of RMB117,038,000 and an increase in non-controlling interests of RMB2,083,942,000.

– No major transactions during the years ended December 31, 2024 and 2025, and the five months ended May 31, 2025 and 2026.

(e) Material non-controlling interests

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the total non-controlling interests is RMB2,761,218,000, RMB2,581,222,000, RMB2,592,563,000 and RMB2,713,224,000 of which RMB2,078,259,000, RMB1,951,364,000, RMB1,972,131,000 and RMB2,104,042,000 is attributable to Gansu Hailiang.

Summarized financial information on subsidiaries with material non-controlling interests

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	1,859,081	3,460,624	5,626,042	1,689,273	3,723,141
(Loss)/profit for the year/period	(225,389)	(247,475)	42,170	(52,576)	256,268
Total comprehensive (loss)/income for the year/period	(225,389)	(247,475)	42,170	(52,576)	256,268
Net cash (used in)/ generated from operating activities	(1,056,988)	(815,986)	(291,154)	(338,119)	88,680

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	3,557,504	3,573,787	3,372,116	3,549,200
Total current assets	3,206,827	2,886,574	3,977,477	5,079,069
Total assets	6,764,331	6,460,361	7,349,593	8,628,269
Total non-current liabilities	1,740,903	1,209,170	872,111	722,666
Total current liabilities	981,198	1,456,136	2,640,796	3,812,288
Total liabilities	2,722,101	2,665,306	3,512,907	4,534,954

The Company

Investments in subsidiaries

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	**10,901,881**	**11,534,047**	**12,121,913**	**12,180,247**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023								
Cost	1,885,247	3,301,286	14,560	130,022	228,407	3,934,761	1,915	9,496,198
Accumulated depreciation and impairment	(494,192)	(1,200,771)	(9,580)	(25,818)	(105,966)	–	(767)	(1,837,094)
Carrying amounts	**1,391,055**	**2,100,515**	**4,980**	**104,204**	**122,441**	**3,934,761**	**1,148**	**7,659,104**
Opening carrying amounts	1,391,055	2,100,515	4,980	104,204	122,441	3,934,761	1,148	7,659,104
Additions	2,546	67,711	3,536	1,113	4,760	3,223,417	190	3,303,273
Disposals	(4,427)	(12,109)	(23)	(25)	(583)	–	–	(17,167)
Transfers from construction in progress	1,068,155	3,071,048	598	16,204	26,759	(4,182,764)	–	–
Depreciation charges	(115,271)	(343,124)	(1,938)	(10,731)	(24,726)	–	(725)	(496,515)
Transfers into construction in progress	–	(107,167)	–	–	–	107,167	–	–
Impairment losses	–	(1,471)	–	–	–	(1,691)	–	(3,162)
Currency translation differences	10,415	29,690	14	–	3,685	–	1	43,805
Closing carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023								
Cost	2,971,066	5,967,252	18,065	147,310	264,980	3,082,581	2,096	12,453,350
Accumulated depreciation and impairment	(618,593)	(1,162,159)	(10,898)	(36,545)	(132,644)	(1,691)	(1,482)	(1,964,012)
Carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024								
Cost	2,971,066	5,967,252	18,065	147,310	264,980	3,082,581	2,096	12,453,350
Accumulated depreciation and impairment	(618,593)	(1,162,159)	(10,898)	(36,545)	(132,644)	(1,691)	(1,482)	(1,964,012)
Carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**
Opening carrying amounts	2,352,473	4,805,093	7,167	110,765	132,336	3,080,890	614	10,489,338
Additions	3,661	15,489	1,490	713	13,521	1,409,212	713	1,444,799
Disposals	(419)	(6,357)	(41)	–	(960)	–	–	(7,777)
Transfers from construction in progress	1,013,017	2,035,879	6,612	4,552	43,854	(3,103,914)	–	–
Depreciation charges	(170,521)	(555,871)	(2,405)	(11,390)	(31,883)	–	(744)	(772,814)
Transfers into construction in progress	–	(82,241)	–	–	(91)	82,332	–	–
Transfers into investment properties	(10,787)	–	–	–	–	–	–	(10,787)
Currency translation differences	(692)	(12,341)	(202)	–	(3,352)	(220)	(14)	(16,821)
Closing carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**153,425**	**1,468,300**	**569**	**11,125,938**
At December 31, 2024								
Cost	3,926,608	7,758,031	24,638	152,574	309,267	1,469,991	2,761	13,643,870
Accumulated depreciation and impairment	(739,876)	(1,558,380)	(12,017)	(47,934)	(155,842)	(1,691)	(2,192)	(2,517,932)
Carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**153,425**	**1,468,300**	**569**	**11,125,938**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025									
Cost	3,926,608	7,758,031	24,638	152,574	–	309,267	1,469,991	2,761	13,643,870
Accumulated depreciation and impairment	(739,876)	(1,558,380)	(12,017)	(47,934)	–	(155,842)	(1,691)	(2,192)	(2,517,932)
Carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**–**	**153,425**	**1,468,300**	**569**	**11,125,938**
Opening carrying amounts	3,186,732	6,199,651	12,621	104,640	–	153,425	1,468,300	569	11,125,938
Additions	2,727	45,168	6,917	175	152,987	8,612	796,796	2,617	1,015,999
Disposals	–	(6,628)	(48)	–	–	(336)	(36,921)	–	(43,933)
Transfers from construction in progress	268,110	456,818	3,876	7,671	–	33,686	(770,161)	–	–
Depreciation charges	(178,403)	(633,319)	(5,548)	(13,058)	–	(45,069)	–	(608)	(876,005)
Transfers into construction in progress	–	(38,821)	–	–	–	–	38,821	–	–
Impairment losses	–	(2,315)	–	–	–	–	–	–	(2,315)
Currency translation differences	(25,419)	22,339	(239)	(28)	–	4,938	(181)	12	1,422
Closing carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025									
Cost	4,193,717	8,235,370	34,298	160,420	152,987	360,272	1,498,345	5,227	14,640,636
Accumulated depreciation and impairment	(939,970)	(2,192,477)	(16,719)	(61,020)	–	(205,016)	(1,691)	(2,637)	(3,419,530)
Carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026									
Cost	4,193,717	8,235,370	34,298	160,420	152,987	360,272	1,498,345	5,227	14,640,636
Accumulated depreciation and impairment	(939,970)	(2,192,477)	(16,719)	(61,020)	–	(205,016)	(1,691)	(2,637)	(3,419,530)
Carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**
Opening carrying amounts	3,253,747	6,042,893	17,579	99,400	152,987	155,256	1,496,654	2,590	11,221,106
Additions	118,929	10,579	3,333	–	31,913	2,627	536,943	359	704,683
Disposals	–	(2,763)	(106)	–	–	(198)	(5,040)	–	(8,107)
Transfers from construction in progress	16,495	173,105	–	9,931	–	10,326	(209,857)	–	–
Transfers from investment properties	102,754	–	–	–	–	–	–	–	102,754
Depreciation charges	(78,624)	(278,461)	(1,791)	(5,408)	–	(13,782)	–	(794)	(378,860)
Transfers into construction in progress	–	(14,704)	–	–	–	–	14,704	–	–
Transfers into investment properties	(6,397)	–	–	–	–	–	–	–	(6,397)
Acquisition of a subsidiary	–	5,532	–	–	–	625	–	745	6,902
Impairment losses	–	(14,719)	–	–	–	–	–	–	(14,719)
Currency translation differences	(36,565)	(57,656)	15	(261)	(6,037)	(3,056)	(35,728)	(60)	(139,348)
Closing carrying amounts	**3,370,339**	**5,863,806**	**19,030**	**103,662**	**178,863**	**151,798**	**1,797,676**	**2,840**	**11,488,014**
At May 31, 2026									
Cost	4,387,895	8,234,325	36,540	169,977	178,863	362,796	1,799,367	6,181	15,175,944
Accumulated depreciation and impairment	(1,017,556)	(2,370,519)	(17,510)	(66,315)	–	(210,998)	(1,691)	(3,341)	(3,687,930)
Carrying amounts	**3,370,339**	**5,863,806**	**19,030**	**103,662**	**178,863**	**151,798**	**1,797,676**	**2,840**	**11,488,014**

(a) Except freehold lands account no depreciation, property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	20-50 years
Machinery	5-40 years
Motor vehicles	5-25 years
Solar power equipment	10-20 years
Other equipment	5-15 years
Leasehold improvements	Shorter of their useful life and lease term

See Note 46 for the other accounting policies relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognized in profit or loss as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of revenue	437,279	713,604	792,993	326,590	342,344
Selling and marketing expenses	1,935	2,137	8,160	3,084	3,664
General and administrative expenses	37,715	49,164	58,874	24,903	27,691
Research and development expenses	19,586	7,909	15,978	5,491	5,161
	496,515	**772,814**	**876,005**	**360,068**	**378,860**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group had RMB788,101,000, RMB1,153,413,000, RMB1,008,396,000 and RMB984,012,000 plants and buildings for which ownership certificate applications were pending, respectively.

(c) Impairment losses have been recognized as follows:

As at December 31, 2023, the management of the Group identified impairment indicators of certain machinery and plant and equipment under construction, and carried out an impairment review on these assets. The recoverable amounts were determined by the higher of fair value less cost to sell and its value-in-use. The valuation models used to estimate the fair values of certain assets were with reference to recent prices of similar assets of similar conditions when such prices could be reliably obtained, where applicable. As a result of the assessment, the Group provided impairment losses for machinery and plant and equipment under construction amounting to RMB1,471,000 and RMB1,691,000 respectively.

As at December 31, 2024, the Group performed impairment assessment and no impairment losses were recognised.

As at December 31, 2025, following impairment assessment, the Group recognized impairment losses of RMB2,315,000 in respect of machinery.

As at May 31, 2026, following impairment assessment, the Group recognized impairment losses of RMB14,719,000 in respect of machinery.

The Company

	Buildings	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	523,628	705,499	4,332	38,604	834,952	2,107,015
Accumulated depreciation and impairment	(150,279)	(364,238)	(3,286)	(25,468)	–	(543,271)
Carrying amounts	**373,349**	**341,261**	**1,046**	**13,136**	**834,952**	**1,563,744**
Opening carrying amounts	373,349	341,261	1,046	13,136	834,952	1,563,744
Additions	2,731	31,823	802	3,542	378,908	417,806
Disposals	(989)	(32,449)	(20)	(30)	–	(33,488)
Transfers from construction in progress	100,582	691,143	422	11,617	(803,764)	–
Depreciation charges	(24,844)	(57,438)	(392)	(4,478)	–	(87,152)
Transfers into construction in progress	–	(32,990)	–	–	32,990	–
Closing carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**1,860,910**
At December 31, 2023						
Cost	622,393	1,327,792	5,058	53,033	443,086	2,451,362
Accumulated depreciation and impairment	(171,564)	(386,442)	(3,200)	(29,246)	–	(590,452)
Carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**1,860,910**

	Buildings	Machinery	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	622,393	1,327,792	5,058	53,033	443,086	–	2,451,362
Accumulated depreciation and impairment	(171,564)	(386,442)	(3,200)	(29,246)	–	–	(590,452)
Carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**–**	**1,860,910**
Opening carrying amounts	450,829	941,350	1,858	23,787	443,086	–	1,860,910
Additions	1,600	22,468	309	6,344	160,085	400	191,206
Disposals	–	(23,849)	(18)	(810)	–	–	(24,677)
Transfers from construction in progress	54,747	148,942	2,413	11,699	(217,801)	–	–
Depreciation charges	(28,343)	(107,973)	(862)	(7,754)	–	(33)	(144,965)
Transfers into construction in progress	–	(30,391)	–	(91)	30,482	–	–
Closing carrying amounts	**478,833**	**950,547**	**3,700**	**33,175**	**415,852**	**367**	**1,882,474**
At December 31, 2024							
Cost	678,740	1,391,451	7,217	67,331	415,852	400	2,560,991
Accumulated depreciation and impairment	(199,907)	(440,904)	(3,517)	(34,156)	–	(33)	(678,517)
Carrying amounts	**478,833**	**950,547**	**3,700**	**33,175**	**415,852**	**367**	**1,882,474**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025								
Cost	678,740	1,391,451	7,217	–	67,331	415,852	400	2,560,991
Accumulated depreciation and impairment	(199,907)	(440,904)	(3,517)	–	(34,156)	–	(33)	(678,517)
Carrying amounts	**478,833**	**950,547**	**3,700**	**–**	**33,175**	**415,852**	**367**	**1,882,474**
Opening carrying amounts	478,833	950,547	3,700	–	33,175	415,852	367	1,882,474
Additions	294	32,087	701	174	1,310	110,719	133	145,418
Disposals	–	(19,996)	(17)	–	(47)	(8,242)	–	(28,302)
Transfers from construction in progress	206,563	52,164	–	–	2,144	(260,871)	–	–
Depreciation charges	(29,933)	(121,933)	(1,012)	(2)	(8,063)	–	(89)	(161,032)
Transfers into construction in progress	–	(8,632)	–	–	–	8,632	–	–
Closing carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**
At December 31, 2025								
Cost	885,598	1,432,961	7,607	174	70,473	266,090	534	2,663,437
Accumulated depreciation and impairment	(229,841)	(548,724)	(4,235)	(2)	(41,954)	–	(123)	(824,879)
Carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026								
Cost	885,598	1,432,961	7,607	174	70,473	266,090	534	2,663,437
Accumulated depreciation and impairment	(229,841)	(548,724)	(4,235)	(2)	(41,954)	–	(123)	(824,879)
Carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**
Opening carrying amounts	655,757	884,237	3,372	172	28,519	266,090	411	1,838,558
Additions	–	4,627	390	–	325	36,951	–	42,293
Disposals	–	(2,328)	(107)	–	(163)	(919)	–	(3,517)
Transfers from construction in progress	15,186	66,819	–	–	–	(82,005)	–	–
Depreciation charges	(16,034)	(50,214)	(462)	(3)	(3,269)	–	(44)	(70,026)
Transfers into construction in progress	–	(7,530)	–	–	–	7,530	–	–
Transfers into investment properties	(6,397)	–	–	–	–	–	–	(6,397)
Closing carrying amounts	**648,512**	**895,611**	**3,193**	**169**	**25,412**	**227,647**	**367**	**1,800,911**
At May 31, 2026								
Cost	886,998	1,469,843	7,715	174	69,715	227,647	534	2,662,626
Accumulated depreciation and impairment	(238,486)	(574,232)	(4,522)	(5)	(44,303)	–	(167)	(861,715)
Carrying amounts	**648,512**	**895,611**	**3,193**	**169**	**25,412**	**227,647**	**367**	**1,800,911**

17. LEASE

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

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

The Group

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Land use rights	867,911	1,040,910	1,017,628	988,055
Buildings	87,907	58,583	72,941	60,249
	955,818	**1,099,493**	**1,090,569**	**1,048,304**
Lease liabilities				
Current	33,462	32,709	33,493	28,178
Non-current	59,326	33,071	46,668	35,568
	92,788	**65,780**	**80,161**	**63,746**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were approximately RMB40,021,000, RMB223,357,000, RMB45,402,000 and RMB14,127,000, respectively.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's land use rights amounting to RMB151,419,000, RMB148,265,000, RMB145,110,000 and RMB143,796,000 were pledged for bank borrowing.

The Company

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Buildings	6,852	4,198	1,346	3,862
Land use rights	206,620	195,094	190,337	174,482
	213,472	**199,292**	**191,683**	**178,344**
Lease liabilities				
Current	2,550	5,595	2,615	2,966
Non-current	2,842	–	–	1,585
	5,392	**5,595**	**2,615**	**4,551**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were approximately RMB8,071,000, nil, nil and RMB3,139,000, respectively.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were in the range of 2.50% to 6.41%, 2.50% to 6.41%, 1.45% to 6.85%, 1.45% to 6.85% and 1.45% to 6.85%, respectively.

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

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets:					
– Land use rights	18,158	17,878	17,745	7,401	7,268
– Buildings	30,734	36,189	33,833	13,315	13,568
	48,892	**54,067**	**51,578**	**20,716**	**20,836**
Interest expense (including in finance cost)	4,976	4,178	4,709	1,798	1,675
Expense relating to short-term and low value leases not included in lease liabilities	1,660	2,731	15,035	8,375	6,694
	6,636	**6,909**	**19,744**	**10,173**	**8,369**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were approximately RMB33,202,000, RMB42,318,000, RMB59,971,000, RMB21,765,000 and RMB25,460,000, respectively.

The Group leases buildings and land use rights as lessee. Lease contracts are typically made for fixed periods from 1.5 to 10 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 46 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	47,372	345,157	392,529
Accumulated amortization	(13,180)	–	(13,180)
Carrying amounts	**34,192**	**345,157**	**379,349**
Year ended December 31, 2023			
Opening carrying amounts	34,192	345,157	379,349
Additions	23,442	–	23,442
Disposals	(55)	–	(55)

	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*
Amortization charges	(3,833)	–	(3,833)
Impairment charges	–	(19,035)	(19,035)
Currency translation differences	202	–	202
Closing carrying amounts	**53,948**	**326,122**	**380,070**
At December 31, 2023			
Cost	72,062	345,157	417,219
Accumulated amortization and impairment	(18,114)	(19,035)	(37,149)
Carrying amounts	**53,948**	**326,122**	**380,070**
At January 1, 2024			
Cost	72,062	345,157	417,219
Accumulated amortization and impairment	(18,114)	(19,035)	(37,149)
Carrying amounts	**53,948**	**326,122**	**380,070**
Year ended December 31, 2024			
Opening carrying amounts	53,948	326,122	380,070
Additions	53,553	–	53,553
Amortization charges	(7,409)	–	(7,409)
Impairment losses	–	(57,252)	(57,252)
Currency translation differences	(117)	–	(117)
Closing carrying amounts	**99,975**	**268,870**	**368,845**
At December 31, 2024			
Cost	125,153	345,157	470,310
Accumulated amortization and impairment	(25,178)	(76,287)	(101,465)
Carrying amounts	**99,975**	**268,870**	**368,845**
At January 1, 2025			
Cost	125,153	345,157	470,310
Accumulated amortization and impairment	(25,178)	(76,287)	(101,465)
Carrying amounts	**99,975**	**268,870**	**368,845**
Year ended December 31, 2025			
Opening carrying amounts	99,975	268,870	368,845
Additions	65,759	–	65,759
Disposals	(15)	–	(15)
Amortization charges	(14,467)	–	(14,467)
Impairment losses	–	(39,371)	(39,371)
Currency translation differences	90	–	90
Closing carrying amounts	**151,342**	**229,499**	**380,841**
At December 31, 2025			
Cost	192,362	345,157	537,519
Accumulated amortization and impairment	(41,020)	(115,658)	(156,678)
Carrying amounts	**151,342**	**229,499**	**380,841**

	Software	Goodwill	Patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026				
Cost	192,362	345,157	–	537,519
Accumulated amortization and impairment	(41,020)	(115,658)	–	(156,678)
Carrying amounts	**151,342**	**229,499**	**–**	**380,841**
Five months ended May 31, 2026				
Opening carrying amounts	151,342	229,499	–	380,841
Additions	6,248	–	–	6,248
Acquisition of a subsidiary	–	3,364	5,172	8,536
Amortization charges	(6,383)	–	(174)	(6,557)
Impairment losses	–	(4,472)	–	(4,472)
Currency translation differences	(1,292)	–	–	(1,292)
Closing carrying amounts	**149,915**	**228,391**	**4,998**	**383,304**
At May 31, 2026				
Cost	196,557	348,521	5,172	550,250
Accumulated amortization and impairment	(46,642)	(120,130)	(174)	(166,946)
Carrying amounts	**149,915**	**228,391**	**4,998**	**383,304**

The Company

	Software
	RMB'000
At January 1, 2023	
Cost	23,390
Accumulated amortization	(8,356)
Carrying amounts	**15,034**
Year ended December 31, 2023	
Opening carrying amounts	15,034
Additions	11,918
Amortization charges	(1,316)
Closing carrying amounts	**25,636**
At December 31, 2023	
Cost	35,308
Accumulated amortization	(9,672)
Carrying amounts	**25,636**
At January 1, 2024	
Cost	35,308
Accumulated amortization	(9,672)
Carrying amounts	**25,636**
Year ended December 31, 2024	
Opening carrying amounts	25,636
Additions	47,253
Amortization charges	(997)
Closing carrying amounts	**71,892**
At December 31, 2024	
Cost	82,561
Accumulated amortization	(10,669)
Carrying amounts	**71,892**
At January 1, 2025	
Cost	82,561
Accumulated amortization	(10,669)
Carrying amounts	**71,892**
Year ended December 31, 2025	
Opening carrying amounts	71,892
Additions	59,158
Amortization charges	(5,910)
Closing carrying amounts	**125,140**
At December 31, 2025	
Cost	141,719
Accumulated amortization	(16,579)
Carrying amounts	**125,140**
At January 1, 2026	
Cost	141,719
Accumulated amortization	(16,579)
Carrying amounts	**125,140**
Five months ended May 31, 2026	
Opening carrying amounts	125,140
Additions	6,166
Amortization charges	(2,893)
Closing carrying amounts	**128,413**
At May 31, 2026	
Cost	147,885
Accumulated amortization	(19,472)
Carrying amounts	**128,413**

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of revenue	1,297	988	1,438	585	783
Selling expenses	2,455	5,936	12,537	5,081	5,569
General and administrative expenses	81	485	485	202	202
Research and development expenses	–	–	7	3	3
	3,833	**7,409**	**14,467**	**5,871**	**6,557**

(b) Impairment Tests for Goodwill

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

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

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Zhejiang Haibo Micro-credit Co., Ltd. ("Haibo Micro-credit") *(i)*	150,785	–	–	150,785
Europe HME Project ("HME") *(ii)*	77,785	–	(19,035)	58,750
JMF Company ("JMF") *(iii)*	63,905	–	–	63,905
Chengdu Bede Copper Industry Co., Ltd. ("Chengdu Bede") *(iv)*	35,907	–	–	35,907
Hailiang Alltop Copper Tube (Guangdong) Co., Ltd. ("Guangdong Alltop") *(v)*	12,820	–	–	12,820
Loyal Hailiang Copper (Thailand) Co., Ltd. ("Thailand Hailiang") *(vi)*	3,955	–	–	3,955
	345,157	**–**	**(19,035)**	**326,122**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
Haibo Micro-credit *(i)*	150,785	–	(26,268)	124,517
HME *(ii)*	58,750	–	(20,779)	37,971
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	12,820	–	(10,205)	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
	326,122	**–**	**(57,252)**	**268,870**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025				
Haibo Micro-credit *(i)*	124,517	–	(28,279)	96,238
HME *(ii)*	37,971	–	(11,092)	26,879
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	2,615	–	–	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
	268,870	**–**	**(39,371)**	**229,499**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended May 31, 2026				
Haibo Micro-credit *(i)*	96,238	–	–	96,238
HME *(ii)*	26,879	–	(4,472)	22,407
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	2,615	–	–	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
Huizhou Jiaye Metal Products Co., Ltd. ("Huizhou Jiaye") *(vii) (Note 42)*	–	3,364	–	3,364
	229,499	**3,364**	**(4,472)**	**228,391**

(i) The goodwill of Haibo Micro-credit is generated from business combination of Zhejiang Haibo Micro-credit Co., Ltd. in 2015. Management regards Haibo Micro-credit as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2024 and 2025, as the business scale is being reduced, according to the management's estimation of the recoverable amount of Haibo Micro-credit with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB26,268,000 and RMB28,279,000 was recognized for the years ended December 31, 2024 and 2025 respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026 for the assessments were 5.95%, 7.18%, 7.08% and 6.74%, respectively.

(ii) The goodwill of HME is generated from business combination of five legal entities, namely KME Brass France SAS, KME Brass Germany GmbH, KME Brass Italy SpA, Kabelmetal Metal Messing Beteiligungs GmbH and KME Ibertubos S.A.U., as well as the copper tube business of the Menden plant. Management regards HME as a group of CGUs and reviews the business performance and tests for impairment of the goodwill on the basis of this group of CGUs.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, as the performance was less than expected, according to the management's estimation of the recoverable amount of HME with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB19,035,000, RMB20,779,000, RMB11,092,000 and RMB4,472,000 were recognized for the years ended December 31, 2023, 2024 and 2025 and for the five months ended May 31, 2026, respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, for the assessments were 12.07%, 12.40%, 14.74% and 14.92%, respectively.

(iii) The goodwill of JMF is generated from business combination of JMF Company. Management regards JMF as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(iv) The goodwill of Chengdu Bede is generated from business combination of Chengdu Bede Copper Industry Co., Ltd.. Management regards Chengdu Bede as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(v) The goodwill of Guangdong Alltop is generated from business combination of Hailiang Alltop Copper Tube (Guangdong) Co., Ltd. (formerly known as Moral Top Enterprise Limited). Management regards Guangdong Alltop as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2024, as the performance was less than expected, according to the management's estimation of the recoverable amount of Guangdong Alltop with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB10,205,000 were recognized for the year ended December 31, 2024. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 for the assessments were 11.98%, 10.34%, 12.97% and 13.39%, respectively.

(vi) The goodwill of Thailand Hailiang is generated from business combination of Loyal Hailiang Copper (Thailand) Co., Ltd.. Management regards Thailand Hailiang as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(vii) The goodwill of Huizhou Jiaye is generated from business combination of Huizhou Jiaye Metal Products Co., Ltd. Management regards Huizhou Jiaye as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

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

Year ended December 31, 2023

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-8.94% to 0.97%	46.00% to 47.00%	1.00%	5.95%
HME	1.00% to 10.23%	1.92% to 2.46%	0.00%	12.07%
JMF	2.00% to 3.50%	1.95% to 2.04%	0.00%	11.56%
Chengdu Bede	2.00% to 7.19%	1.19% to 1.23%	0.00%	11.93%
Guangdong Alltop	-6.99% to 5.00%	2.21% to 2.25%	0.00%	11.98%
Thailand Hailiang	1.00% to 2.00%	3.20% to 3.32%	0.00%	14.50%

Year ended December 31, 2024

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-31.05% to -0.3%	50.74% to 53.68%	0.40%	7.18%
HME	0.00% to 7.20%	1.57% to 2.71%	0.00%	12.40%
JMF	-15.39% to 2.00%	2.05% to 2.08%	0.00%	11.47%
Chengdu Bede	2.13% to 7.63%	0.90% to 0.92%	0.00%	9.93%
Guangdong Alltop	-10.95% to 0.93%	1.90% to 2.01%	0.00%	10.34%
Thailand Hailiang	0.00% to 2.39%	3.33% to 3.36%	0.00%	14.83%

Year ended December 31, 2025

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.07% to 0.29%	53.65% to 57.75%	0.40%	7.08%
HME	-2.94% to 9.51%	0.96% to 2.93%	0.00%	14.74%
JMF	2.00% to 5.00%	2.21% to 2.23%	0.00%	12.56%
Chengdu Bede	1.00% to 4.00%	0.73% to 0.82%	0.00%	12.46%
Guangdong Alltop	1.00% to 4.27%	1.83% to 1.85%	0.00%	12.97%
Thailand Hailiang	-1.49% to 3.59%	2.18% to 2.21%	0.00%	16.67%

Five months ended May 31, 2026

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.48% to 0.02%	55.46% to 58.78%	0.40%	6.74%
HME	-1.55% to 7.96%	0.09% to 2.90%	0.00%	14.92%
JMF	2.00% to 6.00%	2.22% to 2.62%	0.00%	12.33%
Chengdu Bede	1.00% to 2.99%	0.45% to 0.79%	0.00%	13.09%
Guangdong Alltop	0.88% to 2.76%	0.68% to 1.69%	0.00%	13.39%
Thailand Hailiang	0.79% to 3.50%	1.29% to 1.66%	0.00%	17.25%
Huizhou Jiaye	3.00% to 102.91%	-8.53% to 6.34%	0.00%	16.42%

(i) The Company determines the parameters such as revenue growth rate, profit margin for the forecast period, as well as growth rate and profit margin for the stable period within the forecast, based on the operating results of historical years, market competition and development plans.

Management has determined the recoverable amount measured at the present value of estimated future cash flows, with a budget horizon of 5 years, and the key assumptions based on as follows:

Revenue annual growth rates	Revenue growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
(Net) Profit margin	Based on past performance and management's expectations for the future.

Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

The recoverable amount based on the value-in-use or FVLCD calculation for these CGUs as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	1,655,974	1,085,000	1,012,000	989,000
HME	1,161,925	1,064,171	1,087,991	1,019,943
JMF	134,560	121,620	148,740	144,730
Chengdu Bede	119,815	104,901	59,944	53,131
Guangdong Alltop	212,219	120,919	128,928	111,550
Thailand Hailiang	1,014,833	1,015,511	746,638	546,583
Huizhou Jiaye	N/A	N/A	N/A	17,983

Based on the management's assessment of the recoverable amount, the headroom for these cash-generating unit (CGUs) as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	362,360	N/A	N/A	38,698
HME	N/A	N/A	N/A	N/A
JMF	69,432	55,800	82,736	79,005
Chengdu Bede	81,020	66,843	22,155	15,476
Guangdong Alltop	64,522	N/A	15,430	2,351
Thailand Hailiang	647,846	621,933	339,751	174,621
Huizhou Jiaye	N/A	N/A	N/A	1,837

(c) Impact of possible changes in key assumptions

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

Year ended December 31, 2023

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	360,314	361,106	361,578	357,576
HME	N/A	N/A	N/A	N/A
JMF	35,579	66,085	N/A	68,830
Chengdu Bede	51,232	80,367	N/A	80,704
Guangdong Alltop	15,969	62,425	N/A	63,580
Thailand Hailiang	552,799	643,515	N/A	645,213

Year ended December 31, 2024

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	21,684	53,412	N/A	55,217
Chengdu Bede	28,778	66,081	N/A	66,525
Guangdong Alltop	N/A	N/A	N/A	N/A
Thailand Hailiang	514,978	616,795	N/A	619,038

Year ended December 31, 2025

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	77,032	82,280	N/A	82,648
Chengdu Bede	18,935	22,108	N/A	22,135
Guangdong Alltop	10,124	15,240	N/A	15,370
Thailand Hailiang	327,773	339,363	N/A	339,545

Five months ended May 31, 2026

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	37,933	38,175	38,805	36,519
HME	N/A	N/A	N/A	N/A
JMF	20,750	74,345	N/A	77,862
Chengdu Bede	(14,701)	15,062	N/A	15,275
Guangdong Alltop	(48,142)	683	N/A	1,667
Thailand Hailiang	55,654	171,643	N/A	172,924
Huizhou Jiaye	415	1,594	N/A	1,739

* For CGUs adopted nil perpetual annual growth rate in the impairment test, no sensitivity analysis has been performed.

Based on the results of impairment test, for the CGUs that were not impaired during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, these recoverable amount of the CGUs is significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

The recoverable amounts of the CGUs would be equal to their carrying amounts if the key assumptions were increased/decreased by the percentage of figures used to determine the current recoverable amounts as follows:

Year ended December 31, 2023:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-53.12%	-86.69%	30.70%
HME	N/A	N/A	N/A
JMF	-0.62%	-6.22%	48.26%
Chengdu Bede	-0.82%	-37.21%	212.64%
Guangdong Alltop	-0.40%	-9.23%	25.26%
Thailand Hailiang	-2.04%	-44.87%	171.25%

Year ended December 31, 2024:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.49%	-7.01%	38.44%
Chengdu Bede	-0.53%	-26.33%	143.03%
Guangdong Alltop	N/A	N/A	N/A
Thailand Hailiang	-1.74%	-36.31%	130.00%

Year ended December 31, 2025:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.44%	-5.44%	30.79%
Chengdu Bede	-0.21%	-14.19%	45.44%
Guangdong Alltop	-0.09%	-2.45%	6.59%
Thailand Hailiang	-0.85%	-26.32%	74.05%

Five months ended May 31, 2026:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-11.57%	-15.21%	5.08%
HME	N/A	N/A	N/A
JMF	-0.41%	-5.09%	26.11%
Chengdu Bede	-0.15%	-11.22%	29.49%
Guangdong Alltop	-0.01%	-0.42%	1.04%
Thailand Hailiang	-0.44%	-17.59%	41.80%
Huizhou Jiaye	-0.39%	-2.27%	5.94%

(d) Amortization Methods and Periods

Software

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

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

Software	3-5 years
Patent technology	10 years

(e) Research and Development

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

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

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

19. INVESTMENT PROPERTIES

The Group

	Buildings
	RMB'000
At January 1, 2023	
Cost	302,824
Accumulated depreciation	(43,051)
Carrying amounts	**259,773**
Year ended December 31, 2023	
Opening carrying amounts	259,773
Additions	9,985
Disposals	(17,485)
Depreciation charges	(7,927)
Currency translation differences	4,017
Closing carrying amounts	**248,363**
At December 31, 2023	
Cost	296,959
Accumulated depreciation	(48,596)
Carrying amounts	**248,363**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024			
Cost	296,959	–	296,959
Accumulated depreciation	(48,596)	–	(48,596)
Carrying amounts	**248,363**	**–**	**248,363**
Year ended December 31, 2024			
Opening carrying amounts	248,363	–	248,363
Additions	1,246	–	1,246
Disposals	(3,367)	–	(3,367)
Transfers from properties and right-of-use assets	10,787	10,626	21,413
Depreciation charges	(9,555)	(274)	(9,829)
Currency translation differences	3,057	–	3,057
Closing carrying amounts	**250,531**	**10,352**	**260,883**
At December 31, 2024			
Cost	348,852	16,421	365,273
Accumulated depreciation	(98,321)	(6,069)	(104,390)
Carrying amounts	**250,531**	**10,352**	**260,883**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025			
Cost	348,852	16,421	365,273
Accumulated depreciation	(98,321)	(6,069)	(104,390)
Carrying amounts	**250,531**	**10,352**	**260,883**
Year ended December 31, 2025			
Opening carrying amounts	250,531	10,352	260,883
Additions	12,565	–	12,565
Disposals	(3,262)	–	(3,262)
Depreciation charges	(10,234)	(329)	(10,563)
Currency translation differences	(4,985)	–	(4,985)
Closing carrying amounts	**244,615**	**10,023**	**254,638**
At December 31, 2025			
Cost	352,223	16,421	368,644
Accumulated depreciation	(107,608)	(6,398)	(114,006)
Carrying amounts	**244,615**	**10,023**	**254,638**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026			
Cost	352,223	16,421	368,644
Accumulated depreciation	(107,608)	(6,398)	(114,006)
Carrying amounts	**244,615**	**10,023**	**254,638**
Five months ended May 31, 2026			
Opening carrying amounts	244,615	10,023	254,638
Transfers to properties	(102,754)	–	(102,754)
Transfers from properties	6,397	13,985	20,382
Depreciation charges	(4,334)	(249)	(4,583)
Currency translation differences	(6,504)	–	(6,504)
Closing carrying amounts	**137,420**	**23,759**	**161,179**
At May 31, 2026			
Cost	231,746	38,737	270,483
Accumulated depreciation	(94,326)	(14,978)	(109,304)
Carrying amounts	**137,420**	**23,759**	**161,179**

The Company

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026			
Cost	–	–	–
Accumulated depreciation	–	–	–
Carrying amounts	**–**	**–**	**–**
Five months ended May 31, 2026			
Opening carrying amounts	–	–	–
Transfers from properties	6,397	13,985	20,382
Depreciation charges	(165)	(112)	(277)
Closing carrying amounts	**6,232**	**13,873**	**20,105**
At May 31, 2026			
Cost	13,787	22,316	36,103
Accumulated depreciation	(7,555)	(8,443)	(15,998)
Carrying amounts	**6,232**	**13,873**	**20,105**

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of revenue	**7,927**	**9,829**	**10,563**	**4,324**	**4,583**

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Rental income from operating leases	36,542	27,980	38,685	15,883	18,852
Direct operating expenses from property that generated rental income	10,112	12,219	16,482	7,114	8,572

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

Buildings	10 to 20 years

See Note 46 for the other accounting policies relevant to investment properties.

(c) Fair Value Disclosure

For disclosure purpose, the fair value of the investment properties as at December 31, 2023, 2024 and 2025, and May 31, 2026 was approximately RMB453,806,000, RMB451,997,000, RMB399,045,000 and RMB213,962,000, respectively. The fair value hierarchy is as below:

Description	Valuation Technique	Significant unobservable input	Range of significant unobservable input			
			As at December 31,			As at May 31,
			2023	2024	2025	2026
Property unit in the People's Republic of China	Income capitalization approach (level 3)	Capitalization rates	6.90%	6.00%	6.30%	6.20%
		Prevailing market rents	RMB2,808,000 to RMB6,453,000 per unit per year	RMB5,722,000 to RMB6,453,000 per unit per year	RMB220,000 to RMB6,453,000 per unit per year	RMB500,000 to RMB10,482,000 per unit per year
Property unit in the United States	Income capitalization approach (level 3)	Capitalization rates	8.10%	8.70%	8.30%	8.70%
		Prevailing market rents	RMB942,000 to RMB35,509,000 per unit per year	RMB952,000 to RMB35,887,000 per unit per year	RMB955,000 to RMB34,541,000 per unit per year	RMB11,336,000 per unit per year

20. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The detail information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets measured at FVOCI:				
Trade and notes receivables at FVOCI *(Note 3.5)*	1,071,509	1,287,484	916,427	1,717,362
Equity instruments at FVOCI *(Note 3.5)*	916,000	1,140,400	100,000	69,559
Financial assets measured at FVPL:				
Derivative financial instruments *(Note 3.5)*	31,351	153,919	69,505	99,958
	2,018,860	**2,581,803**	**1,085,932**	**1,886,879**
Financial assets measured at amortized cost:				
Trade and notes receivables *(Note 24)*	5,670,001	8,244,089	9,414,690	12,900,962
Loan receivables *(Note 21)*	1,116,983	908,824	727,716	650,668
Term deposits and restricted cash *(Note 28)*	2,618,144	2,425,482	2,534,885	1,340,970
Cash and cash equivalents *(Note 28)*	5,103,349	4,010,530	3,435,887	2,738,811
Other receivables *(Note 25)*	159,402	287,723	734,060	932,117
	14,667,879	**15,876,648**	**16,847,238**	**18,563,528**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at FVPL:				
Derivative financial liabilities *(Note 3.5)*	**66,573**	**129,094**	**902,666**	**130,585**
Financial liabilities measured at amortized cost:				
Trade and notes payables *(Note 30)*	3,114,891	3,103,705	2,753,597	2,341,183
Accruals and other payables and other current liabilities (excluding non-financial liabilities) *(Note 31) (Note 33)*	412,604	375,959	361,299	688,974
Lease liabilities *(Note 17)*	92,788	65,780	80,161	63,746
Borrowings *(Note 29)*	18,291,335	22,194,453	22,582,217	28,570,607
	21,911,618	**25,739,897**	**25,777,274**	**31,664,510**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets measured at FVOCI:				
Trade and notes receivables at FVOCI *(Note 3.5)*	297,321	163,349	91,849	146,476
Equity instruments at FVOCI *(Note 3.5)*	916,000	1,140,400	100,000	69,559
Financial assets measured at FVPL:				
Derivative financial instruments *(Note 3.5)*	4,117	19,137	26,207	28,686
	1,217,438	**1,322,886**	**218,056**	**244,721**
Financial assets measured at amortized cost:				
Trade and notes receivables *(Note 24)*	1,356,174	4,736,466	2,328,551	2,674,119
Term deposits and restricted cash *(Note 28)*	1,557,064	1,521,343	1,601,445	957,315
Cash and cash equivalents *(Note 28)*	955,641	421,689	508,734	505,564
Other receivables *(Note 25)*	417,375	135,265	744,863	910,929
	4,286,254	**6,814,763**	**5,183,593**	**5,047,927**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at FVPL:				
Derivative financial liabilities *(Note 3.5)*	**–**	**–**	**390,857**	**67,492**
Financial liabilities measured at amortized cost:				
Trade and notes payables *(Note 30)*	5,758,850	6,212,738	2,754,994	3,973,759
Lease liabilities *(Note 17)*	5,392	5,595	2,615	4,551
Borrowings *(Note 29)*	9,725,009	10,562,207	10,754,137	12,660,279
	15,489,251	**16,780,540**	**13,511,746**	**16,638,589**

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(b) Transfers of assets

(i) General information on transfers of financial assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets			Derecognition status	Basis for derecognition judgment	Loss on derecognition				
		As at December 31,			As at May 31,			As at December 31,			As at May 31,
		2023	2024	2025	2026			2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Factoring . . .	Trade receivables*	3,164,425	3,255,922	3,397,898	1,747,606	Derecognized	The Group has transferred substantially all the risks and rewards of the receivables.	23,009	26,895	22,266	11,687
Endorsement or discounting .	Trade and notes receivables at FVOCI*	4,334,952	7,742,393	7,619,167	10,864,450	Derecognized	The Group has transferred substantially all the risks and rewards of the receivables.	69,619	128,337	87,790	46,828
Discounting . .	Trade and notes receivables at FVOCI**	24,867	26,250	25,687	65,591	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A
Endorsement or discounting .	Notes receivables**	49,278	82,386	7,002	465,079	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A
Factoring	Trade receivables*	–	300,000	241,347	360,000	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A

*As at December 31, 2023, 2024 and 2025, and May 31, 2026, certain trade receivables as well as trade and notes receivables at FVOCI of the Group have been factored or discounted with banks or financial institutions, and endorsed to suppliers in settlement of trade payables, on a non-recourse basis. In the event that such amounts are not settled upon maturity, the relevant banks, financial institutions and suppliers have no recourse against the Group in respect of the unpaid balances. As the Group has transferred the significant risks and rewards incidental to the ownership of the aforementioned trade receivables and trade and notes receivables at FVOCI, the related assets are derecognised upon factoring, discounting or endorsement.

**As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group endorsement or discounted certain of its trade and notes receivables measured at FVOCI, as well as notes receivables with financial institutions on a recourse basis. As the Group has not transferred the significant risks and rewards associated with these receivables, the receivables are not derecognised and the proceeds from endorsement and discounting are recognised as borrowings.

(ii) During the Track Record Period, the Group had no continuing involvement in any financial assets that were transferred and derecognized.

21. LOANS RECEIVABLES

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Loans receivables	8,000	680	–	4,000
Less: credit loss allowance	(160)	(14)	–	(80)
	7,840	**666**	**–**	**3,920**
Current				
Loans receivables	1,190,452	986,899	806,218	724,671
Interest on loans receivables	729	888	2,875	2,857
Less: credit loss allowance	(82,038)	(79,629)	(81,377)	(80,780)
	1,109,143	**908,158**	**727,716**	**646,748**

Loans receivables mainly represent working capital loans granted by Haibo Micro-credit to natural persons domiciled and enterprises registered in Shaoxing.

(i) For the years ended 31 December 2023, 2024, 2025, and for the five months ended May 31, 2026, the contractual annual interest rates applicable to loans receivables ranged from 4.35% to 25.20%, 4.35% to 25.20%, 4.35% to 25.20% and 8.40 to 23.76%.

(ii) The pledged collateral of the loan mainly includes land, commercial and residential real estate properties.

(iii) Principal for each loan is repaid in full at maturity. Interest is calculated monthly to the 20th and payable the next day. Unpaid interest on time constitutes default; final interest and principal are settled together at maturity.

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Collateralized loans	1,000,112	887,291	733,830	690,450
Guaranteed loans	193,439	96,358	70,258	36,474
Unsecured loans	31	25	18	17
Accrued interest	4,870	3,905	2,112	1,730
	1,198,452	987,579	806,218	728,671
Interest on loans receivables	729	888	2,875	2,857
Less: credit loss allowance	(82,198)	(79,643)	(81,377)	(80,860)
	1,116,983	**908,824**	**727,716**	**650,668**

22. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets				
Gross deferred tax assets	393,653	664,513	727,157	797,295
Offsetting against deferred tax liabilities	(91,398)	(169,372)	(118,913)	(184,325)
Net deferred tax assets	**302,255**	**495,141**	**608,244**	**612,970**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, management expects that the amounts of deferred tax assets to be reversed within the next 12 months will be RMB21,802,000, RMB15,637,000, RMB31,777,000 and RMB53,998,000, respectively.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax liabilities				
Gross deferred tax liabilities	278,013	389,966	358,299	399,985
Offsetting against deferred tax assets	(91,398)	(169,372)	(118,913)	(184,325)
Net deferred tax liabilities	**186,615**	**220,594**	**239,386**	**215,660**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, management expects that the amounts of deferred tax liabilities to be reversed within the next 12 months will be RMB692,000, RMB35,068,000, RMB15,715,000 and RMB16,722,000, respectively.

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(a) Deferred Tax Assets

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

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	202,442	4,448	7,972	34,616	48,417	–	10,720	9,220	14,598	332,433
Credited/(charged) to profit or loss *(Note 11)*	48,136	3,741	1,148	735	(4,790)	14,665	3,446	(2,222)	(6,819)	58,040
Credited to equity	–	–	–	–	–	–	–	–	3,180	3,180
At December 31, 2023	**250,578**	**8,189**	**9,120**	**35,351**	**43,627**	**14,665**	**14,166**	**6,998**	**10,959**	**393,653**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	250,578	8,189	9,120	35,351	43,627	14,665	14,166	6,998	10,959	393,653
Credited/(charged) to profit or loss *(Note 11)*	263,377	2,736	12,228	6,481	(4,892)	(8,483)	(14,166)	(1,743)	15,717	271,255
Charged to equity	–	–	–	–	–	–	–	–	(395)	(395)
At December 31, 2024	**513,955**	**10,925**	**21,348**	**41,832**	**38,735**	**6,182**	**–**	**5,255**	**26,281**	**664,513**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	**513,955**	**10,925**	**21,348**	**41,832**	**38,735**	**6,182**	**–**	**5,255**	**26,281**	**664,513**
Credited/(charged) to profit or loss *(Note 11)*	72,147	2,432	24,305	5,210	1,343	(1,970)	4,496	(1,545)	15,401	121,819
Charged to equity	(56,100)	–	–	–	–	–	–	–	(3,075)	(59,175)
At December 31, 2025	**530,002**	**13,357**	**45,653**	**47,042**	**40,078**	**4,212**	**4,496**	**3,710**	**38,607**	**727,157**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	530,002	13,357	45,653	47,042	40,078	4,212	4,496	3,710	38,607	727,157
Credited/(charged) to profit or loss *(Note 11)*	50,632	1,941	1,732	10,881	(2,846)	1,221	2,931	(1,639)	92	64,945
Charged to equity	–	–	–	–	–	–	7,610	–	(2,417)	5,193
At May 31, 2026	**580,634**	**15,298**	**47,385**	**57,923**	**37,232**	**5,433**	**15,037**	**2,071**	**36,282**	**797,295**

(b) Deferred Tax Liabilities

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	69,819	–	93,007	18,772	–	42,538	224,136
Charged/(credited) to profit or loss *(Note 11)*	(5,365)	14,218	3,880	19,627	1,029	20,488	53,877
At December 31, 2023	**64,454**	**14,218**	**96,887**	**38,399**	**1,029**	**63,026**	**278,013**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	64,454	14,218	96,887	38,399	1,029	63,026	278,013
Charged/(credited) to profit or loss *(Note 11)*	(9,066)	(7,908)	9,515	20,316	34,078	8,918	55,853
Charged to equity	–	–	–	–	56,100	–	56,100
At December 31, 2024	**55,388**	**6,310**	**106,402**	**58,715**	**91,207**	**71,944**	**389,966**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	55,388	6,310	106,402	58,715	91,207	71,944	389,966
Charged/(credited) to profit or loss *(Note 11)*	(7,347)	(2,573)	56,902	10,555	(23,723)	(9,381)	24,433
Credited to equity	–	–	–	–	(56,100)	–	(56,100)
At December 31, 2025	**48,041**	**3,737**	**163,304**	**69,270**	**11,384**	**62,563**	**358,299**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	48,041	3,737	163,304	69,270	11,384	62,563	358,299
Charged/(credited) to profit or loss *(Note 11)*	(5,333)	1,435	46,832	4,881	503	(6,632)	41,686
Credited to equity	–	–	–	–	–	–	–
At May 31, 2026	**42,708**	**5,172**	**210,136**	**74,151**	**11,887**	**55,931**	**399,985**

(c) Deferred Tax Assets Not Recognized

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	83,944	105,523	120,786	119,790
Deductible temporary differences	238,542	324,510	251,570	211,954
	322,486	**430,033**	**372,356**	**331,744**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2027	9,904	9,137	646	646
2028	21,067	16,783	12,267	12,267
2029	–	21,350	5,847	5,360
2030	–	–	43,773	32,455
2031	–	–	–	10,809
2032	25,575	25,105	25,105	25,105
2033	27,398	16,816	16,816	16,816
2034	–	16,332	16,332	16,332
	83,944	**105,523**	**120,786**	**119,790**

23. AMOUNT DUE FROM A SUBSIDIARY

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans to a subsidiary	1,900,000	819,334	1,700,000	2,650,000
Interest receivables	51,159	78,236	51,932	63,684
Less: current-portion for loans to a subsidiary	–	–	(750,000)	(600,000)
Less: current-portion for interest receivables	(51,159)	(78,236)	(50,633)	(54,615)
	1,900,000	**819,334**	**951,299**	**2,059,069**

The Company provided three-year term loans to its subsidiary, Hong Kong Hailiang Metal Trading Limited. As at January 1, 2023, the principal balance of the loans to the subsidiary was RMB1,192,000,000. For the year ended December 31, 2023, a new loan principal of RMB850,000,000 was disbursed and an early repayment of RMB142,000,000 was received. For the year ended December 31, 2024, an early repayment of RMB450,000,000 was received and RMB630,666,000 of the loan was converted into equity. The annual interest rate of each of the aforesaid loans is 3.30%. For the year ended December 31, 2025, the Company advanced additional loans of RMB1,580,666,000 with an annual interest rate of 2.50%, and received repayments of RMB700,000,000, resulting in an outstanding principal balance of RMB1,700,000,000 as at the end of the year. For the five months ended May 31, 2026, the Company advanced additional loans of RMB1,100,000,000 with an annual interest rate of 2.50% and 3.70%, and received repayments of RMB150,000,000, resulting in an outstanding principal balance of RMB2,650,000,000 as at May 31, 2026. The ECL risk of the above loans is assessed as low, given the subsidiary's sound solvency and the Company's stringent monitoring of intercompany funds.

24. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	5,509,494	7,978,444	9,446,388	12,410,765
Notes receivables	266,840	399,812	123,264	692,845
Less: credit loss allowance	(106,333)	(134,167)	(154,962)	(202,648)
	5,670,001	**8,244,089**	**9,414,690**	**12,900,962**

(a) As at January 1, 2023, the gross carrying amounts of trade and notes receivables from contracts with customers are amounting to RMB4,871,709,000 (net of expected credit loss amounting to RMB113,061,000).

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade receivables with a carrying amount of nil, RMB297,000,000, RMB238,934,000 and RMB995,723,000 were restricted due to factoring financing and security for bank borrowings.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, notes receivables with a carrying amount of RMB48,785,000, RMB81,562,000, RMB6,932,000 and RMB460,429,000 were restricted due to discounted and endorsed but undischarged items.

(b) The Group generally grants credit terms of within 120 days to the customers. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,442,493	7,897,002	9,355,293	12,310,663
1 to 2 years	27,284	38,881	44,851	53,457
2 to 3 years	4,870	15,724	16,524	16,281
Over 3 years	34,847	26,837	29,720	30,364
	5,509,494	**7,978,444**	**9,446,388**	**12,410,765**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,259,200	4,597,332	2,305,235	2,590,734
Notes receivables	117,955	160,807	46,646	111,607
Less: credit loss allowance	(20,981)	(21,673)	(23,330)	(28,222)
	1,356,174	**4,736,466**	**2,328,551**	**2,674,119**

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,245,287	4,583,608	2,192,860	2,509,581
1 to 2 years	1,543	398	99,182	67,806
2 to 3 years	181	1,435	1	154
Over 3 years	12,189	11,891	13,192	13,193
	1,259,200	**4,597,332**	**2,305,235**	**2,590,734**

25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments:				
Trade prepayments	1,085,222	954,218	1,021,819	818,631
Prepayment for operating expense	90,293	73,738	78,131	108,303
	1,175,515	**1,027,956**	**1,099,950**	**926,934**
Other receivables:				
Receivables from disposal of equity investments measured at FVOCI	–	–	329,052	418,241
Deposits and guarantees	113,884	199,743	360,377	451,404
Receivables from government authorities	49,851	87,329	52,132	56,382
Reimbursable advances	42,857	42,445	41,209	44,098
Others	11,329	14,347	14,681	26,131
Less: credit loss allowance	(58,519)	(56,141)	(63,391)	(64,139)
	159,402	**287,723**	**734,060**	**932,117**
	1,334,917	**1,315,679**	**1,834,010**	**1,859,051**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments:				
Trade prepayments	1,267,530	76,605	1,196,595	3,503,570
Prepayment for operating expense	34,128	31,175	23,428	40,650
	1,301,658	**107,780**	**1,220,023**	**3,544,220**
Other receivables:				
Receivables from disposal of equity investments measured at FVOCI	–	–	329,052	418,241
Dividends receivable	–	–	126,286	121,387
Amount due from related and third parties	422,230	94,969	152,315	115,216
Deposits and warranties	5,254	48,325	145,837	265,544
Loans	2,550	2,550	2,550	2,550
Others	93	2,905	3,314	3,225
Less: credit loss allowance	(12,752)	(13,484)	(14,491)	(15,234)
	417,375	**135,265**	**744,863**	**910,929**
	1,719,033	**243,045**	**1,964,886**	**4,455,149**

26. OTHER CURRENT AND NON-CURRENT ASSETS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Receivables from disposal of equity investments measured at FVOCI	–	–	416,160	–
Prepayments for long-term assets	606,226	199,889	139,833	291,831
Others	8,793	8,346	8,684	8,656
	615,019	**208,235**	**564,677**	**300,487**
Current				
Prepaid taxes and input VAT to be credited	343,609	467,316	535,408	538,427
Undelivered funds of hedging instruments	30,316	156,940	581,022	66,155
Undelivered funds of foreign exchange contracts	32,688	1,084	31,783	15,151
Receivable for fair value changes of hedging instruments	702	30,929	–	–
[**REDACTED**] to be capitalized	–	–	11,104	22,335
Others	1	1	1	1
	407,316	**656,270**	**1,159,318**	**642,069**

The Company

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Receivables from disposal of equity investments measured at FVOCI	–	–	416,160	–
Prepayments for long-term assets	108,830	82,226	52,620	40,161
	108,830	**82,226**	**468,780**	**40,161**
Current				
Prepaid taxes and input VAT to be credited	19,077	3,708	–	–
Undelivered funds of foreign exchange contracts	14,318	–	2,707	1,486
Receivable for fair value changes of hedging instruments	13,090	8,353	–	–
[**REDACTED**] to be capitalized	–	–	11,104	22,335
	46,485	**12,061**	**13,811**	**23,821**

27. INVENTORIES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	2,700,099	3,170,157	4,052,539	5,500,869
Work in progress	1,836,621	2,023,655	2,846,827	3,194,166
Finished goods	1,851,525	2,600,828	3,615,230	4,450,569
Goods in transit	443,594	686,363	975,015	1,380,141
Consumable materials	274,582	306,467	340,008	420,388
	7,106,421	8,787,470	11,829,619	14,946,133
Less: provision for impairment	(19,330)	(32,338)	(37,700)	(48,215)
	7,087,091	**8,755,132**	**11,791,919**	**14,897,918**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB72,338,302,000, RMB84,116,391,000, RMB79,449,107,000, RMB33,265,060,000 and RMB38,454,785,000, respectively.

(ii) The provision for impairment of inventories recorded as cost of revenue during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026 were RMB4,548,000, RMB17,380,000, RMB7,304,000, RMB5,090,000 and RMB14,186,000, respectively.

(iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were approximately RMB7,622,000, RMB4,372,000, RMB4,550,000, RMB3,414,000 and RMB2,165,000, respectively.

(iv) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's inventories amounting to nil, nil, RMB84,346,000 and RMB1,362,600,000 were pledged for bank borrowing, respectively.

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	268,566	230,924	751,188	734,217
Work in progress	258,460	237,385	338,556	274,624
Finished goods	130,452	108,706	122,597	99,142
Goods in transit	53,094	147,152	193,944	187,885
Processing materials	26,961	18,590	47,842	100,490
Consumable materials	9,362	10,837	12,066	12,447
	746,895	**753,594**	**1,466,193**	**1,408,805**

28. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	5,856,076	3,861,783	4,214,423	2,527,283
Deposited with Hailiang Finance	1,865,417	2,574,229	1,756,349	1,552,498
Less: term deposits over three months *(i)*	(2,475,412)	(2,256,653)	(2,037,030)	(1,069,880)
Less: restricted cash *(ii)*	(142,732)	(168,829)	(497,855)	(271,090)
Cash and cash equivalents	**5,103,349**	**4,010,530**	**3,435,887**	**2,738,811**

(i) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's term deposits amounting to RMB2,424,282,000, RMB2,155,306,000, RMB1,941,441,000 and RMB1,067,331,000 were pledged to secure bank acceptance notes and banking borrowings granted to the Group, with accrued interest receivable at the end of the periods amounted to RMB51,130,000, RMB101,347,000, RMB95,589,000 and RMB2,549,000, respectively.

(ii) As at December 31, 2023, the restricted cash consisted of RMB105,322,000 as margin for fund pool overdrafts, RMB14,213,000 as margin for derivatives transactions, RMB18,446,000 held in factoring margin accounts, RMB4,215,000 as guarantee margin, and RMB536,000 as margin for temporary land restoration.

As at December 31, 2024, the restricted cash consisted of RMB106,977,000 as margin for fund pool overdrafts, RMB28,754,000 as margin for derivatives transactions, RMB22,816,000 as factoring margin, RMB7,938,000 as guarantee margin, RMB526,000 as insurance margin, RMB117,000 as collateral for account pledge, and RMB1,701,000 of bank deposits frozen due to dormant accounts.

As at December 31, 2025, the restricted cash consisted of RMB110,245,000 as margin for fund pool overdrafts, RMB362,265,000 as margin for derivatives transactions, RMB3,824,000 as factoring margin, RMB6,642,000 as guarantee margin, RMB576,000 as insurance margin, RMB223,000 as collateral for account pledge, RMB740,000 of bank deposits frozen due to dormant accounts, RMB12,090,000 as overtime wage guarantee fund, RMB1,250,000 of deposits frozen due to litigation.

As at May 31, 2026, the restricted cash consisted of RMB105,757 000 as margin for fund pool overdrafts, RMB122,090,000 as margin for derivatives transactions, RMB17,337,000 as factoring margin, RMB10,999,000 as guarantee margin, RMB553,000 as insurance margin, RMB214,000 as collateral for account pledge, RMB1,269,000 of bank deposits frozen due to dormant accounts, RMB11,621,000 as overtime wage guarantee fund, RMB1,250,000 of deposits frozen due to litigation.

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	2,339,004	1,938,083	2,036,559	1,133,907
Deposited with Hailiang Finance	173,701	4,949	73,620	328,972
Less: term deposits over three months	(1,542,851)	(1,490,889)	(1,238,457)	(834,112)
Less: restricted cash	(14,213)	(30,454)	(362,988)	(123,203)
Cash and cash equivalents	**955,641**	**421,689**	**508,734**	**505,564**

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	6,580,351	5,743,364	4,838,332	3,343,165
USD	976,662	487,839	971,833	529,669
EUR	68,206	88,383	57,086	51,405
Other currencies	96,274	116,426	103,521	155,542
	7,721,493	**6,436,012**	**5,970,772**	**4,079,781**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	2,468,470	1,890,487	2,069,670	1,417,777
USD	40,151	49,116	38,232	43,281
EUR	4,076	3,422	2,268	1,813
JPY	8	7	9	8
	2,512,705	**1,943,032**	**2,110,179**	**1,462,879**

29. BORROWINGS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured				
– Bank borrowings	15,310,552	18,237,657	19,679,674	16,258,946
Unsecured				
– Bank borrowings	449,907	1,340,041	2,874,566	12,226,633
– Debentures *(d)*	2,503,989	2,596,313	–	–
	2,953,896	3,936,354	2,874,566	12,226,633
Interest payables	26,887	20,442	27,977	85,028
Less: current-portion for long-term borrowings	(1,875,963)	(3,277,007)	(2,905,534)	(3,447,607)
Less: current-portion for long-term debentures	–	(2,596,313)	–	–
Less: short-term borrowings	(8,226,680)	(11,465,462)	(13,025,341)	(18,319,134)
	8,188,692	**4,855,671**	**6,651,342**	**6,803,866**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured				
– Bank borrowings	7,201,607	7,440,658	8,504,258	2,042,410
Unsecured				
– Bank borrowings	–	510,000	2,228,200	10,575,220
– Debentures	2,503,989	2,596,313	–	–
	2,503,989	3,106,313	2,228,200	10,575,220
Interest payables	19,413	15,236	21,679	42,649
Less: current-portion for long-term borrowings	(1,139,248)	(1,860,259)	(1,961,181)	(1,891,847)
Less: current-portion for long-term debentures	–	(2,596,313)	–	–
Less: short-term borrowings	(3,034,705)	(3,261,285)	(4,959,997)	(6,985,432)
	5,551,056	**2,844,350**	**3,832,959**	**3,783,000**

(a) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the annual interest rate of short-term borrowings was ranged from 1.00% to 5.5%, 0.59% to 5.35%, 0.54% to 5.22% and 0.65 % to 5.11%, respectively.

As at December 31, 2023, 2024, and 2025, and May 31, 2026, the annual interest rate of long-term borrowings was ranged from 1.35% to 4.65%, 1.95% to 4.65%, 1.95% to 3.65% and 1.95% to 5.20%, respectively.

(b) As at December 31, 2023, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB8,025,287,000 guaranteed by the ultimate controlling party; (ii) borrowings with a principal amount of approximately RMB1,846,398,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB2,092,703,000 guaranteed by the Company and secured by the subsidiary's land use rights; (iv) borrowings with a principal amount of approximately RMB896,304,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB1,349,860,000 secured by certificates of deposit; (vi) borrowings with a principal amount of approximately RMB1,000,000,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB100,000,000 guaranteed by the Company and secured by certificates of deposit.

As at December 31, 2024, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB9,195,786,000 guaranteed by the ultimate controlling party; (ii) borrowings with a principal amount of approximately RMB3,032,965,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB1,614,690,000 guaranteed by the Company and secured by the subsidiary's land use rights; (iv) borrowings with a principal amount of approximately RMB762,929,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB2,534,679,000 secured by certificates of deposit; (vi) borrowings with a principal amount of approximately RMB1,041,673,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB54,935,000 guaranteed by the Company and secured by certificates of deposit.

As at December 31, 2025, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB8,666,372,000 guaranteed by the ultimate controlling party and the Company; (ii) borrowings with a principal amount of approximately RMB4,586,346,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB1,123,578,000 guaranteed by the Company and secured by the land use rights of a subsidiary; (iv) borrowings with a principal amount of approximately RMB726,942,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB1,432,401,000 secured by certificates of deposit and inventories; (vi) borrowings with a principal amount of approximately RMB1,763,538,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB306,935,000 guaranteed by the Company and secured by certificates of deposit; (viii) borrowings with a principal amount of approximately RMB1,073,562,000 guaranteed by the Company and the ultimate controlling party, and secured by pledges of equity interests and patent rights.

As at May 31, 2026, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB7,158,536,000 guaranteed by the Company; (ii) borrowings with a principal amount of approximately RMB2,223,851,000 guaranteed by subsidiaries; (iii) borrowings with a principal amount of approximately RMB1,069,867,000 guaranteed by the Company and secured by a pledge of shares; (iv) borrowings with a principal amount of approximately RMB905,068,000 guaranteed by the Company and secured by the land use rights of a subsidiary; (v) borrowings with a principal amount of approximately RMB3,668,055,000 secured by certificates of deposit, inventories, equipment, trade and notes receivables; (vi) borrowings with a principal amount of approximately RMB656,395,000 guaranteed by a subsidiary and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB574,274,000 guaranteed by the Company and secured by certificates of deposit; (viii) borrowings with a principal amount of approximately RMB2,900,000 guaranteed by Li Jiajie (a minority shareholder of a subsidiary) and secured by mortgages over real estate properties.

(c) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's borrowings were repayable as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	10,102,643	14,742,469	15,930,875	21,766,741
Between 1 and 2 years	3,514,895	2,586,351	4,569,979	4,661,334
Between 2 and 5 years	2,169,808	2,021,000	1,508,820	1,695,781
Over 5 years	–	248,320	572,543	446,751
	15,787,345	**19,598,140**	**22,582,217**	**28,570,607**

(d) Debentures

Pursuant to the approval of the China Securities Regulatory Commission as set forth in its document entitled "Reply on Approving ZHE JIANG HAI LIANG CO., LTD.'s Public Issuance of Convertible Corporate Bonds" (《關於核准浙江海亮股份有限公司公開發行可轉換公司債券的批覆》) (Zheng Jian Xu Ke [2019] No. 1943), the Company publicly issued 31,500,000 convertible corporate bonds (referred to as "Hailiang Convertible Bonds") on November 21, 2019, with a par value of RMB100 per bond and a total issuance amount of RMB3,150,000,000.

Hailiang Convertible Bonds have a term of six years, from November 21, 2019 to November 21, 2025, with a coupon rate of 0.3% in the first year, 0.6% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year, and 2.0% in the sixth year. The conversion period commences on the first trading day after the expiration of six months from the date of completion of the issuance (i.e., May 27, 2020, with the completion date being November 27, 2019) and ends on the maturity date of the convertible corporate bonds (i.e., November 21, 2025). If such a date falls on a statutory holiday or rest day, it shall be postponed to the next trading day, and no additional interest shall accrue on the interest payment during the postponed period. The initial conversion price was RMB9.83 per share.

Within five trading days after the maturity of the convertible corporate bonds issued in this offering, the Company will redeem all unconvertible bonds from investors at a price equal to 110% of the par value (including the final interest payment). During the conversion period of the convertible corporate bonds issued in this offering, the Board of Directors of the Company is entitled to decide to redeem all or part of the unconvertible bonds at a price equal to the par value plus accrued interest for the current period if, among any consecutive 30 trading days, the closing price of the Company's shares is not less than 130% (inclusive) of the current conversion price for at least 15 trading days, or if the remaining balance of the unconverted convertible corporate bonds issued in this offering is less than RMB30,000,000.

The movements of Hailiang Convertible Bonds during the Track Record Period are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	**2,546,630**	**2,503,989**	**2,596,313**	**–**
Accrued interest	42,670	49,265	37,181	–
Amortization of discount	97,993	91,705	62,875	–
Interest paid	(40,537)	(48,641)	–	–
Conversions *(i)*	(142,767)	(5)	(2,694,055)	–
Redemption *(ii)*	–	–	(2,314)	–
At end of the year/period	**2,503,989**	**2,596,313**	**–**	**–**

(i) For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025, holders of the Hailiang Convertible Bonds converted 1,447,821, 50, 27,000,935 and 263,271 such bonds into the Company's A-shares, respectively; as a result of these conversions, the Company's share capital increased by 15,123,037 shares, 526 shares, 293,435,270 shares, and 2,809,720 shares; other equity instruments decreased by RMB30,989,000, RMB1,000, RMB577,935,000 and RMB5,635,000; and share premium increased by RMB158,634,000, RMB5,000, RMB2,978,555,000 and RMB28,961,000, respectively. As at December 31, 2023 and 2024, Hailiang Convertible Bonds with an aggregate par value of RMB2,702,373,000 and RMB2,702,368,000 had not yet been converted, respectively.

(ii) From August 4, 2025 to August 25, 2025, the Company's share closing price was at least 130% of the conversion price (RMB9.20 per share) for 15 consecutive trading days, triggering the conditional redemption clause under the document. On August 25, 2025, the board approved early redemption of all outstanding Hailiang Convertible Bonds at RMB101.71 per bond (including interest and tax) on the redemption record date. As at the close of September 26, 2025 (redemption record date), 22,747 unconverted bonds were redeemed for a total consideration of approximately RMB2,314,000 (excluding handling fees). Such redemption resulted in a decrease of RMB487,000 in other equity instruments. The redemption constitutes a full redemption. Upon completion of the redemption, no Hailiang Convertible Bonds will remain outstanding or tradable. The Hailiang Convertible Bonds (Bond Code: 128081) issued by the Company were delisted from the Shenzhen Stock Exchange with effect from October 15, 2025.

(e) Fair value

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

30. TRADE AND NOTES PAYABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables				
– Trade payables	2,065,031	2,503,765	1,973,597	2,341,183
– Notes payables	1,049,860	599,940	780,000	–
	3,114,891	**3,103,705**	**2,753,597**	**2,341,183**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade payables including payables for goods were RMB1,185,627,000, RMB1,603,122,000, RMB1,158,497,000 and RMB1,679,804,000.

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,888,365	2,309,076	1,537,795	2,052,760
Over 1 year	176,666	194,689	435,802	288,423
	2,065,031	**2,503,765**	**1,973,597**	**2,341,183**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables				
– Trade payables	3,539,130	4,497,858	1,677,994	2,973,759
– Notes payables	2,219,720	1,714,880	1,077,000	1,000,000
	5,758,850	**6,212,738**	**2,754,994**	**3,973,759**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade payables including payables for goods were RMB3,452,825,000, RMB4,419,597,000, RMB1,592,842,000 and RMB2,896,148,000.

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

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,453,553	4,470,668	1,658,811	2,944,302
Over 1 year	85,577	27,190	19,183	29,457
	3,539,130	**4,497,858**	**1,677,994**	**2,973,759**

31. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Dividends payable	–	–	–	283,023
Salaries, wages and benefits	322,042	300,609	298,714	362,962
Accrued expenses	109,918	109,971	101,644	117,448
Temporary deposits received	78,330	44,357	44,592	72,271
Deposits payables	81,265	64,006	72,362	59,868
Other tax payables	80,424	70,010	108,004	84,823
[**REDACTED**] payable	–	–	4,655	1,429
Others	21,756	37,380	46,005	34,669
	693,735	**626,333**	**675,976**	**1,016,493**
Non-current				
Long-term salaries, wages and bonuses *(a)*	**121,834**	**114,720**	**112,721**	**109,545**

(a) Long-Term Salaries, Wages and Bonuses

Long-term salaries, wages and bonuses mainly consist of pension obligations which are measured as defined benefit plans as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Defined benefit plans	**121,834**	**114,720**	**112,721**	**109,545**

(i) Pension Obligation

Five subsidiaries of the Group, namely HME Brass Germany GmbH, HME Copper Germany GmbH, HME Brass Italy SpA, HME Brass France SAS and Loyal Hailiang Copper (Thailand) Co., Ltd., have established defined-benefit pension plans in their respective local jurisdictions, covering eligible employees, family members of former owners and other entitled persons. These pension plans specify the benefit amounts, including retirement pension, disability pension, widow's/widower's pension, orphan's pension and (for relevant subsidiaries) benefits under the Schmöler Benefit Regulation, as well as end-of-service benefit and Trattamento di Fine Rapporto ("TFR"). The value of these pension plans has been determined by independent actuarial experts in accordance with

International Accounting Standard ("IAS") 19, primarily using the Projected Unit Credit Method ("PUCM") and incorporating key actuarial assumptions such as discount rate, inflation rate, salary increase rate and pension increase rate, with a corresponding update performed as at the balance sheet date.

For the Group's principal subsidiaries with pension obligations, the actuarial assumptions applied to determine the present value of such obligations and the sensitivity analysis of the pension obligations to changes in key assumptions are set out below:

HME Brass Germany GmbH

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.56	3.56	4.25	4.34
Pension increase rate (%)	2.30	2.30	2.30	2.30
Fixed benefit amount growth rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(7,248)	(6,612)	(6,084)	(5,720)
– Decreased by 1.00%	8,986	8,168	7,418	6,966
Pension increase rate				
– Increased by 0.25%	1,670	1,547	1,451	1,366
– Decreased by 0.25%	(1,603)	(1,485)	(1,395)	(1,313)
Fixed benefit amount growth rate				
– Increased by 0.50%	88	68	48	46
– Decreased by 0.50%	(87)	(67)	(47)	(45)

HME Brass Italy SpA

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.08	2.93	3.09	3.27
Inflation rate (%)	2.00	2.00	2.00	2.00
TFR accretion rate (%)	3.00	3.00	3.00	3.00
Salary increase rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(10,426)	(9,095)	(9,256)	(10,712)
– Decreased by 1.00%	11,818	10,281	10,398	12,051
Inflation rate				
– Increased by 1.00%	11,536	10,039	10,169	11,781
– Decreased by 1.00%	(10,657)	(9,294)	(9,447)	(10,936)
Salary increase rate				
– Increased by 1.00%	11,084	9,656	9,799	11,348
– Decreased by 1.00%	(11,084)	(9,656)	(9,799)	(11,348)

HME Copper Germany GmbH

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.56	3.56	4.25	4.34
Pension increase rate (%)	2.30	2.30	2.30	2.30
Fixed benefit amount growth rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(4,489)	(4,179)	(3,802)	(3,548)
– Decreased by 1.00%	5,692	5,271	4,729	4,401
Pension increase rate				
– Increased by 0.25%	1,017	969	906	851
– Decreased by 0.25%	(971)	(926)	(868)	(815)
Fixed benefit amount growth rate				
– Increased by 0.50%	94	68	41	39
– Decreased by 0.50%	(93)	(67)	(40)	(38)

The movement of the pension obligations are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	96,665	121,834	114,720	112,721
Current period service costs	769	1,702	214	737
Net interest	3,668	2,279	3,556	1,634
Remeasurement losses/(gains)	12,680	(1,408)	(10,385)	(1,313)
Foreign currency exchange differences	11,859	(4,740)	10,701	(4,562)
Consideration paid upon settlement	(2,407)	(4,947)	(5,182)	(1,576)
Benefits payments	(1,400)	–	(1,401)	(648)
Others	–	–	498	2,552
At the end of the year/period	**121,834**	**114,720**	**112,721**	**109,545**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends payable	–	–	–	283,023
Salaries, wages and benefits	97,195	82,019	72,721	45,149
Accruals and others	36,237	37,458	36,450	36,423
Amount due to related and third parties	12,745	10,531	101,363	116,261
Deposits payables	4,904	14,946	15,434	17,917
Other tax payables	17,107	17,928	32,438	25,288
[**REDACTED**] payable	–	–	4,655	1,429
Others	586	2,548	1,607	2,412
	168,774	**165,430**	**264,668**	**527,902**

32. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Foreign currency forwards	31,351	153,919	58,174	92,909
Commodity futures and swap contracts	–	–	11,331	7,049
	31,351	**153,919**	**69,505**	**99,958**
Liabilities				
Foreign currency forwards	66,573	129,094	69,554	14,237
Commodity futures and swap contracts	–	–	833,112	116,348
	66,573	**129,094**	**902,666**	**130,585**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Foreign currency forwards	**4,117**	**19,137**	**26,207**	**28,686**
Liabilities				
Foreign currency forwards	–	–	8,145	–
Commodity futures and swap contracts	–	–	382,712	67,492
	–	**–**	**390,857**	**67,492**

33. OTHER CURRENT LIABILITIES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Undelivered funds for futures closing losses and floating losses on futures contracts	98,120	70,327	86,649	96,373
Undelivered funds of foreign exchange contracts	22,205	49,918	5,392	–
Unremitted output VAT	33,560	38,754	43,585	33,900
Recourse obligations	1,010	–	–	23,893
	154,895	**158,999**	**135,626**	**154,166**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unremitted output VAT	121,325	187,448	276,972	284,415
Undelivered funds for futures closing losses and floating losses on futures contracts	48,083	15,894	86,351	84,130
Undelivered funds of foreign exchange contracts	–	6,884	–	–
Recourse obligations	–	2,992	–	–
	169,408	**213,218**	**363,323**	**368,545**

34. DEFERRED INCOME

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants related to assets	**241,846**	**273,256**	**363,173**	**365,796**

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

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	161,365	241,846	273,256	363,173
Additions	95,629	52,348	115,800	15,697
Recognized in profit or loss	(15,148)	(20,938)	(25,883)	(13,074)
At end of the year/period	**241,846**	**273,256**	**363,173**	**365,796**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants related to assets	**94,603**	**107,256**	**148,544**	**151,189**

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

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	56,866	94,603	107,256	148,544
Additions	44,199	20,569	49,677	7,000
Recognized in profit or loss	(6,462)	(7,916)	(8,389)	(4,355)
At end of the year/period	**94,603**	**107,256**	**148,544**	**151,189**

35. SHARE CAPITAL

The Group and The Company

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year/period	1,983,196	1,983,196	1,998,319	1,998,319	1,998,320	1,998,320	2,291,755	2,291,755
Convertible bond conversion *(i)*	15,123	15,123	1	1	293,435	293,435	–	–
At the end of the year/period	**1,998,319**	**1,998,319**	**1,998,320**	**1,998,320**	**2,291,755**	**2,291,755**	**2,291,755**	**2,291,755**

(i) During the year ended December 31, 2023, the increase in share capital is attributable to the conversion of convertible bonds into 15,123,037 shares of the Company. As at December 31, 2023, the industrial and commercial registration procedures for the conversion of convertible bonds into 11,857,859 shares remain uncompleted.

During the year ended December 31, 2024, the increase in share capital is attributable to the conversion of convertible bonds into 526 shares of the Company. As at December 31, 2024, the industrial and commercial registration procedures for the conversion of convertible bonds into 422 shares remain uncompleted.

During the year ended December 31, 2025, the increase in share capital is attributable to the conversion of convertible bonds into 293,435,270 shares of the Company. For further details, refer to Note 29(d).

36. TREASURY SHARES

The Group and The Company

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Treasury shares	Number of shares	Treasury shares	Number of shares	Treasury shares	Number of shares	Treasury shares	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year/period	–	–	–	–	253,524	32,147	750,076	80,636
Repurchase of shares *(i)*	–	–	253,524	32,147	496,552	48,489	–	–
At the end of the year/period	**–**	**–**	**253,524**	**32,147**	**750,076**	**80,636**	**750,076**	**80,636**

(i) For the years ended December 31, 2024 and 2025, and for the five months ended May 31, 2026, the increase in treasury shares of RMB253,524,000, RMB496,552,000 and nil, respectively, are attributable to the repurchase of shares from the secondary market. Such repurchased shares are intended to be used for the implementation of equity incentive plans or employee share ownership plans. For further details, refer to Note 37.

For the year ended December 31, 2024, the Company repurchased an aggregate of 32,147,225 shares, comprising 31,821,525 shares repurchased pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 14th meeting of the 8th Board of Directors held on June 18, 2024 and the First Extraordinary General Meeting of 2024 held on July 5, 2024.

A further 325,700 shares were repurchased pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 17th meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of 2024 held on November 28, 2024. As at December 31, 2024, the Company held a total of 32,147,225 treasury shares with a carrying amount of RMB253,524,000.

For the year ended December 31, 2025, the Company repurchased an aggregate of 48,488,864 shares pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 17th meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of 2024 held on November 28, 2024. As at December 31, 2025, the Company held a total of 80,636,089 treasury shares with a carrying amount of RMB750,076,000.

37. SHARE INCENTIVE SCHEME

(a) Employee share ownership plan ("ESOP")

Pursuant to the "Proposal on the Draft of the Second Employee Share Ownership Plan of ZHE JIANG HAI LIANG CO., LTD." (《關於<浙江海亮股份有限公司第二期員工持股計劃(草案)>的議案》) approved at the 12th Meeting of the 7th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders, the Company implemented the ESOP using 36,661,544 shares repurchased from the secondary market. The said ESOP was fully executed in 2022.

(b) Share repurchase plan intended for the implementation of equity incentive plans or ESOPs

Pursuant to the "Proposal on the Share Repurchase Plan of the Company" approved at the 14th Meeting of the 8th Board of Directors held on June 18, 2024 and the First Extraordinary General Meeting of Shareholders in 2024, the Company repurchased 31,821,525 shares of its own shares through centralized competitive bidding in 2024, with a total transaction amount of RMB250,005,000 (including transaction costs).

Pursuant to the "Proposal on the Share Repurchase Plan of the Company" approved at the 17th Meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of Shareholders in 2024, the Company repurchased its own shares through centralized competitive bidding, including 325,700 shares in 2024 with a total transaction amount of RMB3,519,000 (including transaction costs), 48,488,864 shares from January to April 2025 with a total transaction amount of RMB496,552,000 (including transaction costs), bringing the aggregate to 48,814,564 shares with a total transaction amount of RMB500,071,000 (including transaction costs).

38. RETAINED EARNINGS

The Group

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	7,016,668	7,970,487	8,334,074	8,743,633
Net profit	1,125,549	715,816	961,639	405,275
Appropriation to statutory reserves	(5,141)	–	(118,271)	–
Dividends *(Note 12)*	(159,164)	(339,714)	(566,801)	(283,023)
Disposal equity instruments at fair value through other comprehensive income	–	–	151,470	–
Appropriation in respect of safety and production funds, net	(7,425)	(12,515)	(18,478)	(9,882)
At the end of the year/period	**7,970,487**	**8,334,074**	**8,743,633**	**8,856,003**

The Company

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,128,684	1,320,350	925,167	1,629,740
Net profit/(loss)	356,124	(52,493)	1,242,080	(60,476)
Dividends *(Note 12)*	(159,164)	(339,714)	(566,801)	(283,023)
Appropriation to statutory reserves	(5,141)	–	(118,271)	–
Disposal equity instruments at fair value through other comprehensive income	–	–	151,470	–
Appropriation in respect of safety and production funds, net	(153)	(2,976)	(3,905)	(2,326)
At the end of the year/period	**1,320,350**	**925,167**	**1,629,740**	**1,283,915**

39. OTHER RESERVES

The Group

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,700,542	(2,359)	345,885	66,367	3,110,435
Currency translation differences	–	140,081	–	–	140,081
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	987	–	–	987
Capital contributions by non-controlling interests *(i)*	117,038	–	–	–	117,038
Changes arising from remeasurement of defined benefit plan, net of tax	–	(9,477)	–	–	(9,477)
Conversion of convertible bonds *(ii)*	158,634	–	–	–	158,634
Appropriation to statutory reserve	–	–	5,141	–	5,141
Appropriation in respect of safety and production funds, net	–	–	–	7,425	7,425
Balance at December 31, 2023	**2,976,214**	**129,232**	**351,026**	**73,792**	**3,530,264**

(i) During the year ended December 31, 2023, other shareholders of Gansu Hailiang (a subsidiary of the Group) made additional capital contributions. As a result, the Group's equity ownership ratio in the subsidiary changed from 100.00% to 48.60%, and the Group is entitled to a corresponding portion of the capital contributed by the new shareholders. Consequently, share premium increased by RMB117,038,000.

(ii) The increase in share premium of RMB158,634,000 during the year ended December 31, 2023 is attributable to the conversion of convertible bonds with a par value of RMB144,782,000 into 15,123,037 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	2,976,214	129,232	351,026	73,792	3,530,264
Currency translation differences	–	(12,441)	–	–	(12,441)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	9,491	–	–	9,491
Changes in fair value of investments in unlisted equity instruments, net of tax	–	168,300	–	–	168,300
Changes arising from remeasurement of defined benefit plan, net of tax	–	958	–	–	958
Conversion of convertible bonds *(i)*	5	–	–	–	5
Appropriation in respect of safety and production funds, net	–	–	–	12,515	12,515
Balance at December 31, 2024	**2,976,219**	**295,540**	**351,026**	**86,307**	**3,709,092**

(i) The increase in share premium of RMB5,000 during the year ended December 31, 2024 is attributable to the conversion of convertible bonds with a par value of RMB5,000 into 526 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	2,976,219	295,540	351,026	86,307	3,709,092
Currency translation differences	–	(137,189)	–	–	(137,189)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	(14,237)	–	–	(14,237)
Changes arising from remeasurement of defined benefit plan, net of tax	–	7,650	–	–	7,650
Conversion of convertible bonds *(i)*	2,978,555	–	–	–	2,978,555
Convertible bond redemption *(ii)*	487	–	–	–	487
Disposal equity instruments at FVOCI *(iii)*	–	(168,300)	16,830	–	(151,470)
Transaction with non-controlling interests *(iv)*	296	–	–	–	296
Appropriation to statutory reserve	–	–	118,271	–	118,271
Appropriation in respect of safety and production funds, net	–	–	–	18,478	18,478
Balance at December 31, 2025	**5,955,557**	**(16,536)**	**486,127**	**104,785**	**6,529,933**

(i) The increase in share premium of RMB2,978,555,000 during the year ended December 31, 2025 is attributable to the conversion of convertible bonds with a par value of RMB2,700,094,000 into 293,435,270 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

(ii) The increase of RMB487,000 in share premium arose from the redemption of 22,747 convertible bonds by the Company in 2025, with a corresponding decrease of RMB487,000 in other equity instruments. For further details, refer to Note 29(d).

(iii) The changes arose from the disposal and derecognition of the Company's equity investment in Jinchuan measured at FVOCI, the transfer of cumulative gains recognised in other comprehensive income to retained earnings, and the corresponding additional appropriation to the statutory surplus reserve.

(iv) In 2025, Gansu Hailiang, a subsidiary of the Company, paid RMB980,000 to acquire the 49% non-controlling equity interest in Gansu Hailiang Environmental Technology Co., Ltd., its subsidiary. The difference between the consideration paid and the Group's proportionate share of the subsidiary's net assets continuously calculated from the acquisition date corresponding to the additional interest acquired was recognised as an increase in share premium of RMB296,000.

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	5,955,557	(16,536)	486,127	104,785	6,529,933
Currency translation differences	–	(254,024)	–	–	(254,024)
Changes in fair value of investments in other equity instruments, net of tax	–	(22,831)	–	–	(22,831)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	2,687	–	–	2,687
Changes arising from remeasurement of defined benefit plan, net of tax	–	969	–	–	969
Appropriation in respect of safety and production funds, net	–	–	–	9,882	9,882
Balance at May 31, 2026	**5,955,557**	**(289,735)**	**486,127**	**114,667**	**6,266,616**

The Company

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,863,135	(707)	340,812	49,046	3,252,286
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	987	–	–	987
Conversion of convertible bonds	158,634	–	–	–	158,634
Appropriation to statutory reserve	–	–	5,141	–	5,141
Appropriation to safety funds	–	–	–	153	153
Balance at December 31, 2023	**3,021,769**	**280**	**345,953**	**49,199**	**3,417,201**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	3,021,769	280	345,953	49,199	3,417,201
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	9,491	–	–	9,491
Conversion of convertible bonds	5	–	–	–	5
Changes in fair value of investments in unlisted equity instruments, net of tax	–	168,300	–	–	168,300
Appropriation to safety funds	–	–	–	2,976	2,976
Balance at December 31, 2024	**3,021,774**	**178,071**	**345,953**	**52,175**	**3,597,973**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	3,021,774	178,071	345,953	52,175	3,597,973
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	(14,237)	–	–	(14,237)
Conversion of convertible bonds	2,978,555	–	–	–	2,978,555
Convertible bond redemption	487	–	–	–	487
Appropriation to statutory reserve	–	–	118,271	–	118,271
Disposal equity instruments at FVOCI	–	(168,300)	16,830	–	(151,470)
Appropriation to safety funds	–	–	–	3,905	3,905
Balance at December 31, 2025	**6,000,816**	**(4,466)**	**481,054**	**56,080**	**6,533,484**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	6,000,816	(4,466)	481,054	56,080	6,533,484
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	2,687	–	–	2,687
Appropriation to safety funds	–	–	–	2,325	2,325
Changes in fair value of investments in other equity instruments, net of tax	–	(22,831)	–	–	(22,831)
Balance at May 31, 2026	**6,000,816**	**(24,610)**	**481,054**	**58,405**	**6,515,665**

40. OTHER EQUITY INSTRUMENTS-EQUITY COMPONENTS OF CONVERTIBLE BONDS

The movements of other equity instruments-equity components of convertible bonds during the Track Record Period are as follows:

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
At the beginning of the year/period	28,471,553	609,412	27,023,732	578,423	27,023,682	578,422	–	–
Deductions *(i)*	(1,447,821)	(30,989)	(50)	(1)	(27,023,682)	(578,422)	–	–
At the end of the year/period	**27,023,732**	**578,423**	**27,023,682**	**578,422**	**–**	**–**	**–**	**–**

(i) For the year ended December 31, 2023 and 2024, the decreases in other equity instruments — equity components of convertible bonds of RMB30,989,000 and RMB1,000 were attributable to the conversion of 1,447,821 and 50 Hailiang Convertible Bonds held by certain bondholders into the Company's A-shares, respectively.

For the year ended December 31, 2025, the decrease of RMB577,935,000 was attributable to the conversion of 27,000,935 Hailiang Convertible Bonds held by certain bondholders into the Company's A-shares. Meanwhile, a decrease of RMB487,000 was attributable to the triggering of the conditional redemption clause in respect of 22,747 Hailiang Convertible Bonds held by certain bondholders, resulting in the increase of share premium of RMB487,000. For further details, refer to Note 29(d).

41. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before income tax for the year/period	1,381,738	671,059	1,241,063	454,106	747,716
Adjustments for:					
Interest income	(197,862)	(133,851)	(131,227)	(41,377)	(36,509)
Finance cost	567,792	717,837	711,954	296,269	311,977
Depreciation and amortization of non-current assets	557,167	844,119	952,613	390,979	410,836
Net losses/(gains) on disposal of property, plant and equipment and other non-current assets	16,475	(2,841)	25,126	(271)	2,583
Impairment (credits)/losses on financial assets	(8,331)	77,730	31,021	26,902	51,907
Impairment provision for inventories and non-current assets	23,620	71,799	48,992	5,090	32,475
Equity method investment income	(117,071)	(112,944)	(91,658)	(33,564)	(32,465)
Losses/(gains) on disposal of financial assets and liabilities	308,672	63,774	27,336	12,008	(91,557)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Foreign exchange (gains)/losses other than those related to loans	(109,465)	174,821	(297,775)	(149,672)	81,964
Investment income from other equity investments	–	(11,210)	–	–	–
Trade payables written-off	(118)	(34,527)	(2,763)	(746)	(56)
Fair value gains/(losses) on financial assets	(29,551)	(60,058)	48,049	70,690	(106,260)
Government grants for assets	(15,148)	(20,938)	(25,883)	(9,650)	(13,074)
Other	(13,324)	1,040	–	–	–
Change in working capital:					
Increase in receivables	(1,117,925)	(2,596,688)	(1,837,956)	(3,384,593)	(3,475,375)
(Decrease)/Increase in payables	(1,778,384)	(127,028)	845,619	137,701	(717,201)
Increase in inventories	(253,011)	(1,689,176)	(3,078,914)	(428,744)	(3,127,888)
Cash used in operations	**(784,726)**	**(2,167,082)**	**(1,534,403)**	**(2,654,872)**	**(5,960,927)**

(b) Non-Cash Activities

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Endorsed and transferred commercial bills					
Payments for merchandise	1,386,936	346,075	261,367	30,616	41,016
Payments for acquisition of property, plant and equipment and other long-term assets	304,887	195,947	127,386	63,044	204,910
	1,691,823	**542,022**	**388,753**	**93,660**	**245,926**

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	11,113,705	83,210	2,546,630	13,743,545
Financing cash flows	4,544,620	(26,566)	–	4,518,054
Interest paid	(448,479)	(4,976)	(40,538)	(493,993)
Interest accrued	553,113	4,976	140,663	698,752
Convertible bond conversion	–	–	(142,767)	(142,767)
Other non-cash movements	24,387	36,143	–	60,530
At December 31, 2023	**15,787,346**	**92,787**	**2,503,988**	**18,384,121**
At January 1, 2024	15,787,346	92,788	2,503,989	18,384,123
Financing cash flows	3,781,833	(35,409)	–	3,746,424
Interest paid	(561,788)	(4,178)	(48,641)	(614,607)
Interest accrued	557,505	4,178	140,969	702,652
Convertible bond conversion	–	–	(5)	(5)
Other non-cash movements	33,245	8,401	–	41,646
At December 31, 2024	**19,598,141**	**65,780**	**2,596,312**	**22,260,233**
At January 1, 2025	19,598,141	65,780	2,596,312	22,260,233
Financing cash flows	2,918,632	(40,227)	(2,275)	2,876,130
Interest paid	(566,552)	(4,709)	(50)	(571,311)
Interest accrued	577,894	4,709	100,068	682,671
Convertible bond conversion	–	–	(2,694,055)	(2,694,055)
Other non-cash movements	54,102	54,608	–	108,710
At December 31, 2025	**22,582,217**	**80,161**	**–**	**22,662,378**

	Bank borrowings	Lease liabilities	Convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	19,598,141	65,780	2,596,312	22,260,233
Financing cash flows	4,109,588	(11,592)	–	4,097,996
Interest paid	(186,174)	(1,798)	–	(187,972)
Interest accrued	242,440	1,798	60,177	304,415
Convertible bond conversion	–	–	(26,136)	(26,136)
Other non-cash movements	(2,375)	14,485	–	12,110
At May 31, 2025 *(Unaudited)*	**23,761,620**	**68,673**	**2,630,353**	**26,460,646**
At January 1, 2026	22,582,217	80,161	–	22,662,378
Financing cash flows	5,880,882	(17,091)	–	5,863,791
Interest paid	(220,105)	(1,675)	–	(221,780)
Interest accrued	279,231	1,675	–	280,906
Other non-cash movements	48,382	676	–	49,058
At May 31, 2026	**28,570,607**	**63,746**	**–**	**28,634,353**

42. ACQUISITION OF A SUBSIDIARIE

(a) Summary of acquisition

For the five months ended May 31, 2026, the acquisition of a new subsidiary is summarized as follows:

	Huizhou Jiaye
	RMB'000 (note (i))
Total consideration transferred	
Cash consideration	8,000
Less: Group's share of net fair value of identifiable assets acquired and liabilities assumed	(4,636)
Goodwill	**3,364**

(i) Acquisition of Huizhou Jiaye.

In February 2026, a subsidiary of the Group, Hangzhou Hailiang Precision Technology Co., Ltd., acquired a 70% equity interest in Huizhou Jiaye from its former shareholder, Li Jiajie, with a total consideration of approximately RMB8,000,000. The consideration was determined with reference to a valuation report prepared by an independent valuer and based on arm's length negotiations between the parties. The acquired target entity principally engaged in the production and operation of metal products.

(b) Financial information of acquisitions

The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisitions of subsidiaries in the above transactions are summarized as follows. Valuation was performed by an independent valuer to determine the fair value of the identified assets.

	Huizhou Jiaye
	RMB'000
Fair value of identifiable net assets	
Non-current assets	
Property, plant and equipment	6,902
Intangible assets	5,172
Current assets	
Inventory	2,855
Trade receivables	9,118
Prepayments and other receivables	626
Cash and cash equivalents	89
Other current assets	386
Non-Current liabilities	
Deferred tax liabilities	1,492
Current liabilities	
Borrowings	5,976
Trade payables	6,701
Accruals and other payables	4,355
Fair value of the net assets acquired	**6,624**

	Total
	RMB'000
Cash impact	
Cash paid prior to May 31, 2026	7,500
Less: cash and cash equivalents in the subsidiary acquired	(89)
Net cash outflow on acquisition	**7,411**

The amounts of revenue and profit of subsidiaries since the acquisition date which were included in the consolidated statement of comprehensive income for the five months ended May 31, 2026 are summarized as follows:

	Huizhou Jiaye	The Group (Excluding Huizhou Jiaye)	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,222	40,465,466	40,469,688
Net (losses)/profit	(2,559)	557,459	554,900

If the acquisition had occurred on January 1, 2026, consolidated [**REDACTED**] revenue and net profit of the Group for the five months ended May 31, 2026 would have been RMB40,470,033,000 and RMB554,367,000, respectively.

	Huizhou Jiaye	The Group (Excluding Huizhou Jiaye)	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,567	40,465,466	40,470,033
Net (losses)/profit	(3,092)	557,459	554,367

43. CONTINGENCIES AND COMMITMENTS

43.1 Contingencies

The Company has provided guarantees to Hai Liang Group. For further details, refer to Note 44(c).

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025 and May 31, 2026, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Financial Information.

43.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:				
– Contracted, but not provided for	1,486,996	795,365	859,671	898,680
– Authorized, but not contracted	–	137,362	147,356	473,969
	1,486,996	**932,727**	**1,007,027**	**1,372,649**

44. RELATED PARTY TRANSACTIONS

(a) Parent Entities

		Ownership interest			
		As at December 31,			As at May 31,
Name	Place of incorporation	2023	2024	2025	2026
Hai Liang Group	Zhuji, Zhejiang, PRC	29.85%	30.30%	27.23%	27.23%

(i) As of December 31, 2023, 2024 and 2025 and May 31, 2026, Hai Liang Group directly held 29.24%, 29.69%, 26.70% and 26.70% of the equity and voting rights of the Company, respectively, and indirectly held 0.61%, 0.61%, 0.53% and 0.53% of the equity, and 0.62%, 0.62%, 0.54% and 0.54% of the voting rights of the Company through its holding subsidiary Zhejiang Zhengmao Venture Capital Co., Ltd. The total shareholding ratios were 29.85%, 30.30%, 27.23% and 27.23%, respectively, and the total voting rights owned were 29.86%, 30.31%, 27.24% and 27.24%, respectively.

(ii) As at December 31, 2023, 2024 and 2025 and May 31, 2026, the ultimate controlling person of the Company is Mr. Feng Hailiang. Mr. Feng Hailiang directly holds 2.99%, 2.99%, 2.61% and 2.61% of the Company's equity interests and exercises 2.99%, 2.99%, 2.61% and 2.61% of the Company's voting rights; He directly and indirectly holds an aggregate of 84.13%, 84.13%, 84.13% and 84.13% of the equity interests in Hai Liang Group, and indirectly holds 25.11%, 25.49%, 22.91% and 22.91% of the Company's equity interests and exercises 29.86%, 30.31%, 27.24% and 27.24% of the Company's voting rights through controlling Hai Liang Group; Mr. Feng Luming, son of Mr. Feng Hailiang, directly holds 0.66%, 0.94%, 0.82% and 0.82% of the Company's equity interests and exercises 0.66%, 0.94%, 0.82% and 0.82% of the Company's voting rights. In aggregate, Mr. Feng Hailiang and his son Mr. Feng Luming hold 28.76%, 29.42%, 26.34% and 26.34% of the Company's equity interests and exercise 33.51%, 34.24%, 30.67% and 30.67% of the Company's voting rights, respectively.

(b) Names and Relationship with Related Parties

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

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026:

Name of the related parties	Relationship with the Group
Hailiang Finance	An associate of the Group, a subsidiary of Hailiang Group
Zhuji Hailiang Business Hotel Co., Ltd.	A fellow subsidiary of Hai Liang Group
Zhuji Hailiang Hospital Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Hailiang Catering Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Hailiang Real Estate Co., Ltd	A fellow subsidiary of Hai Liang Group
Zhuji Nianxinhu Hotel Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Haoliang Logistics Service Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hailiang Headquarters (Hangzhou) Management Co., Ltd.	A fellow subsidiary of Hai Liang Group
Shanghai Zhepu Enterprise Development Co., Ltd	A fellow subsidiary of Hai Liang Group
Liaoning Beize Energy Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hailiang Real Estate Holdings Group Co., Ltd.	A fellow subsidiary of Hai Liang Group
NATREGRO Ecological Agriculture Group Co., Ltd. and its subsidiaries	An entity controlled by the ultimate controlling person
Hangzhou Haohan Logistics Service Co., Ltd.	An associate of the Group
Zhejiang Hailiang Education Technology Service Group Co., Ltd. *(iv)*	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Youjiao Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Hangzhou Hailiang Preschool Education Group Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Hailiang Rong'ai Education Technology Service Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Youzhi Career Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Mingxin International Travel Co., Ltd. *(i)*	An entity controlled by the ultimate controlling person
Zhuji Hailiang Logistics Service Co., Ltd. *(ii)*	An entity controlled by the ultimate controlling person
Hangzhou Hiyouth+ Hospital Co., Ltd. *(iii)*	An entity controlled by the ultimate controlling person
Hailiang Real Estate Holding Group Management Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Biotechnology Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Technology Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Haoliang Zhixiang Information Technology Consulting Co., Ltd.	An entity controlled by the ultimate controlling person
Chengcheng Haicheng Fruit Industry Co., Ltd.	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Education & Research Co., Ltd	An entity controlled by the ultimate controlling person
Kangcheng Electronic Technology (Zhuji) Co., Ltd.	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Youcai Education Technology Co., Ltd.	An entity controlled by the ultimate controlling person
Hengzhongda Construction Co., Ltd.	An associate of a fellow subsidiary of Hai Liang Group

Name of the related parties	Relationship with the Group
Zhejiang Beize Group Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Supply Chain Consulting Services Co., Ltd.	A fellow subsidiary of Hai Liang Group
Zhejiang Hailiang Lishuo Sports Development Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Career Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person

(i) Zhejiang Mingxin International Travel Co., Ltd. was renamed as Ningbo Mingxin International Tourism Co., Ltd. in February 2024.

(ii) Zhuji Hailiang Logistics Service Co., Ltd. was renamed as Zhejiang Hailiang Intelligent Service Co., Ltd. in August 2025.

(iii) Hangzhou Hiyouth+ Hospital Co., Ltd. was renamed as Hangzhou Hailiang Hospital Co., Ltd. in September 2025.

(iv) Zhejiang Hailiang Education Technology Service Group Co., Ltd. was renamed as Zhejiang Hai Liang Education Development Co., Ltd. in January 2026.

(c) Material Transactions with Related Parties

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchase of goods and services:					
– Subsidiaries of Hai Liang Group	5,044	4,882	16,757	2,370	8,269
– Entities controlled by the ultimate controlling person	4,472	5,300	10,651	2,653	3,174
– Fellow subsidiaries of an entity controlled by the ultimate controlling person	1,322	–	–	–	–
– The parent company	8,358	2,086	2,605	50	2,782
– An associate of a fellow subsidiary of Hai Liang Group	–	–	32,544	–	6,824
	19,196	**12,268**	**62,557**	**5,073**	**21,049**

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Sales of goods and rendering of services:					
– Associates of the Group	14	8	–	–	–
– Fellow subsidiaries of Hai Liang Group	15	38	32	8	18
– Entities controlled by the ultimate controlling person	3	1	25	11	7
– The parent company	–	66	7	–	2
– A fellow subsidiary of an entity controlled by the ultimate controlling person	–	–	–	–	2
	32	**113**	**64**	**19**	**29**

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Rental expenses from short-term leases and leases of low-value assets accounted for on a simplified basis, as well as variable lease payments not included in the measurement of lease liabilities					
– Subsidiaries of Hai Liang Group	351	383	404	138	129
– Entities controlled by the ultimate controlling person	–	–	458	–	–
– A fellow subsidiary of an entity controlled by the ultimate controlling person	16	157	60	36	14
– The parent company	711	660	670	310	244
	1,078	**1,200**	**1,592**	**484**	**387**

In respect of the leases for which right-of-use assets are recognized, the Company leased Floors 9 and 10 of Hailiang Education & Research Building from Hangzhou Hailiang Education & Research Co., Ltd., an associate of Hai Liang Group. The lease term for Floor 9 commences on September 19, 2023 and expires on September 30, 2026, with a total tax-exclusive rental amount of RMB4,258,000; the lease term for Floor 10 runs from May 20, 2023 to May 19, 2026, with a total tax-exclusive rental of RMB4,213,000.

For the year ended December 31, 2023, the Company paid tax-exclusive rental of RMB2,798,000. As at December 31, 2023, the carrying amount of right-of-use assets recognized was RMB6,852,000, total lease liabilities amounted to RMB5,392,000, including current lease liabilities of RMB2,550,000.

For the year ended December 31, 2024, the tax-exclusive rental payable amounted to RMB2,753,000, which remained unpaid as at December 31, 2024. As at December 31, 2024, the carrying amount of right-of-use assets recognized was RMB4,198,000, and the lease liabilities due within one year were RMB5,595,000.

For the year ended December 31, 2025, the Group paid rental payments (excluding tax) of RMB2,533,000. Modifications to the lease terms reduced the principal portion of lease liabilities by RMB525,000. Rental payments (excluding tax) of RMB2,615,000 were payable and remained unpaid as at the end of the year.

As at December 31, 2025, the carrying amount of right-of-use assets recognized was RMB1,346,000, and lease liabilities due within one year amounted to RMB2,615,000.

For the period ended May 31, 2026, the Group paid rental payments (excluding tax) of RMB1,251,000.

Modifications to the lease terms extended the lease term to December 31, 2028, increased the principal portion of lease liabilities by RMB3,139,000. Rental payments (excluding tax) of RMB1,526,000 were payable and remained unpaid as at the end of the period.

As at May 31, 2026, the carrying amount of right-of-use assets recognized was RMB3,862,000, non-current lease liabilities amounted to RMB1,585,000, and lease liabilities due within one year amounted to RMB2,966,000.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest income					
– An associate of the Group	**41,308**	**18,057**	**17,535**	**8,409**	**2,270**

The Company entered into a Financial Services Agreement with Hailiang Finance, pursuant to which Hailiang Finance provides the Company with relevant financial services within the scope of its licensed business operations, including but not limited to deposit acceptance, loan provision, collection and payment settlement, provision of financial and financing advisory services, credit verification as well as related consulting and agency services. As at December 31, 2023, 2024 and 2025 and May 31, 2026, the balance of funds deposited by the Group with Hailiang Finance was RMB1,865,417,000, RMB2,574,229,000, RMB1,756,349,000 and RMB1,552,498,000.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest expense					
– An associate of the Group	**–**	**15**	**31**	**13**	**13**

As at December 31, 2023, 2024, 2025 and May 31, 2026, the loan balance of the Group with Hailiang Finance was nil, RMB1,000,000, RMB1,000,000 and RMB1,000,000, and the interest expense recognized during the years ended December 31, 2023, 2024 and 2025, and during the five months ended May 31, 2025 and 2026, amounted to nil, RMB15,000, RMB31,000, RMB13,000 and RMB13,000. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the balance of guarantees issued by Hailiang Finance in favor of the Group were RMB115,000,000, RMB115,408,000, RMB116,284,000 and RMB115,540,000, respectively.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company and its subsidiaries as the guaranteed parties				
– The parent company *(i)*	13,118,130	15,139,797	11,800,010	–
– The parent company and a fellow subsidiary of Hai Liang Group *(i)*	1,560,000	1,560,000	1,560,000	–
– An associate of the Group	115,000	115,408	116,284	115,540
	14,793,130	**16,815,205**	**13,476,294**	**115,540**
	USD'000	*USD'000*	*USD'000*	*USD'000*
– The parent company	**173,850**	**75,850**	**–**	**–**

In 2024 and 2025, certain bank borrowings of the Company's subsidiaries were guaranteed by the parent company in the form of joint and several liability. Pursuant to the guarantee agreements, the annualized guarantee fee rate is 1%. Provision and payment of guarantee fees by the Company's subsidiaries in the aggregate amounted to RMB793,000 and RMB85,000 for the years ended December 31, 2024 and 2025, respectively. There was no such transaction in 2023. As at December 31, 2025, the relevant borrowings had been fully repaid and settled.

(i) As at April 27, 2026, guarantees of RMB8,850,010,000 provided by the parent company and guarantees of RMB1,560,000,000 granted by the parent company and a fellow subsidiary of Hailiang Group have all been released.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company and its subsidiaries as guarantors				
– The parent company *(i)*	**1,914,000**	**2,684,000**	**3,484,000**	**–**

The guarantor provides joint and several liability guarantees for the creditor-debt contracts entered into by the guaranteed party with financial institutions during the guarantee period, including loan contracts, foreign exchange transfer loan contracts, letter of credit issuance agreements and bank acceptance agreements.

(i) As at April 27, 2026, the guarantee of RMB2,070,000,000 provided by the Group to the parent company has been released.

Based on its current assessment, the Company does not expect any guarantees from related parties to remain outstanding and unable to be released or replaced prior to [**REDACTED**], nor any guarantees granted to related parties to remain outstanding before [**REDACTED**].

Intercompany payments on behalf of others

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, related parties paid salaries, social insurance, housing funds, communication expenses and other employee-related expenses for certain employees of the Company on the Company's behalf. The total amounts for each year were RMB1,242,000, RMB4,408,000, RMB2,636,000, RMB823,000 and RMB476,000, respectively. In addition, subsidiaries of the Company paid relevant remuneration expenses on behalf of a fellow subsidiary of the Hai Liang Group in 2025, amounting to RMB230,000.

(d) Balance with Related Parties

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– Subsidiaries of Hai Liang Group	–	–	11	4
– Entities controlled by the ultimate controlling person	–	–	10	4
– The parent company	–	–	6	–
– An associate of a fellow subsidiary of Hai Liang Group	8	–	–	–
	8	**–**	**27**	**8**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Subsidiaries of Hai Liang Group	100	506	9,860	7,097
– An entity controlled by the ultimate controlling person	–	66	77	10
– An associate of a fellow subsidiary of Hai Liang Group	–	–	95,889	13,908
– The parent company	3	5	676	–
	103	**577**	**106,502**	**21,015**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments				
– An entity controlled by the ultimate controlling person	**32**	**–**	**–**	**–**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables:				
– A fellow subsidiary of Hai Liang Group	–	3	2	42
– An entity controlled by the ultimate controlling person	–	–	20	40
– A fellow subsidiary of an entity controlled by the ultimate controlling person	188	–	20	45
– The parent company	509	–	66	33
	697	**3**	**108**	**160**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liability				
Non-current				
– An entity controlled by the ultimate controlling person	**2,842**	**–**	**–**	**1,585**
Current				
– An entity controlled by the ultimate controlling person	**2,550**	**5,595**	**2,615**	**2,966**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables:				
– A fellow subsidiary of Hai Liang Group	–	–	230	–
Less: credit loss allowance	–	–	(12)	–
	–	–	**218**	–

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liability				
– An entity controlled by the ultimate controlling person	**–**	**3**	**3**	**–**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings				
– An associate of the Group	**–**	**1,000**	**1,000**	**1,000**

The balances of intercompany borrowings due to Hailiang Finance represent liquidity loans. The balances will not be settled prior to [**REDACTED**].

All balances with related parties are of a trade nature, except for borrowings.

(e) Key Management Compensation

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	322	322	328	135	135
Salaries, wages and bonuses	13,556	15,385	11,791	3,564	3,226
Pension costs, housing fund, medical insurance and other social benefits	917	1,033	937	480	366
	14,795	**16,740**	**13,056**	**4,179**	**3,727**

45. EVENTS AFTER THE REPORTING PERIOD

(a) Employee Share Ownership Plan

In January 2026, the Company's 2026 First Extraordinary General Meeting and the 6th Meeting of the 9th Board of Directors approved the Draft *2026 Employee Share Ownership Plan* (hereinafter referred to as the "ESOP Plan") and the *2026 Employee Share Ownership Plan Management Measures*. In July 2026, the 13th Meeting of the 9th Board of Directors approved the revised ESOP Plan and the revised *2026 Employee Share Ownership Plan Management Measures*.

The ESOP Plan covers a maximum of 300 participants, including 8 directors and senior management of the Company and its subsidiaries. Funding is from employees' legal remuneration and self-raised funds; the Company provides no financial assistance and there is no third-party [**REDACTED**] arrangement. The ESOP Plan will acquire up to 80,636,089 A Share ordinary shares (representing 3.52% of the total share capital) from the Company's dedicated share repurchase account via non-trading transfer, at a price of RMB9.00 per share in compliance with relevant regulatory requirements. With a 120-month term, the underlying shares will be unlocked in three tranches (30%/30%/40%) upon the 12th/24th/36th month after the completion of transfer, with unlock conditions linked to the Company's 2026-2028 performance assessment indicators (growth rates of net profit, overseas sales volume, new energy materials and AI thermal management copper-based materials sales volume) and participants' personal performance assessment results. Participants voluntarily waive the voting rights attached to the underlying shares and only retain dividend and investment income rights, and the ESOP Plan is independent from the Company's controlling shareholders, actual controllers, directors and senior management and does not constitute a concerted action relationship therewith.

On August 4, 2026, a total of 70,636,089 shares held in the Company's dedicated share repurchase account was transferred via off-exchange transfer to the securities account entitled "ZHE JIANG HAI LIANG CO., LTD. - 2026 Employee Share Ownership Plan", accounting for 3.08% of the Company's total share capital and at an actual transfer price of RMB8.872 per share.

(b) Acquisition of Partial Equity Interest in Gansu Hailiang

On July 29, 2026, the 14th Meeting of the 9th Board of Directors of the Company approved the *Proposal on Acquiring Partial Equity Interest in the Controlled-subsidiary and the Related Party Transaction*. And the proposal was approved by the 5th Extra-Ordinary Shareholders' Meeting on August 14, 2026. The Company plans to acquire 18.6916% equity interest in its controlled subsidiary, Gansu Hailiang, for RMB971,598,000. Upon completion of this transaction, the Company's shareholding in Gansu Hailiang will rise from 48.5981% to 67.2897%. Full payment shall be made by August 28, 2026.

(c) Dividend distribution

Pursuant to the resolution adopted at the Company's 16th Meeting of the 9th Board of Directors on August 26, 2026, the Company shall distribute a cash dividend of RMB0.50 per 10 shares (tax inclusive) for dividend distribution. This profit distribution shall not involve capitalization of capital reserves to increase share capital, nor shall it include bonus shares. The dividend distribution is still subject to the review and approval by the shareholders' general meeting of the Company.

46. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

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

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

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

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

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

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

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

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

All 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.

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group 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 results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group like transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In

addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The investments in associates and joint ventures are stated at cost less impairment in the Company's statement of financial position. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

Changes in the Group's interests in associates

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

(3) Business Combinations

(i) Business Combination not Under Common Controls

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

(ii) Business Combination Under Common Controls

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

(4) Separate Financial Statements

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

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

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

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

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

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

(iii) Group Companies

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

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

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

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

(6) Investment Properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write-off the cost of investment properties over their estimated useful lives and after taking into account of their estimate residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(7) Property, Plant and Equipment

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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 capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property 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 and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

(8) Impairment of Non-Financial Assets

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

(9) Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(10) Financial Assets

(i) Classification

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

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

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

For assets measured at fair value through profit and loss, gains and losses will be recorded in profit or loss.

(ii) Recognition and Derecognition

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

(iii) Measurement

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

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

(iv) Impairment of Financial Assets

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

(11) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),

- hedges of a particular risk associated with the cash flows of recognized assets or liabilities or highly probable forecast transactions (cash flow hedges), or

- hedges of a net investment in a foreign operation (net investment hedges).

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items.

- at the inception of the hedging relationship there is formal designation and documentation of the edging relationship and the Group's risk management objective and strategy for undertaking the hedge.

- the hedging relationship meets all of the following hedge effectiveness requirements:

  (i) there is an economic relationship between the hedged item and the hedging instrument;

  (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

  (iii) 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. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognized or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Derivatives that do not apply hedge accounting

Certain derivative instruments do not apply hedge accounting. Changes in the fair value of such derivative instruments are recognized immediately in profit or loss and are included in other gains/(losses), net.

Accounting policy for fair value hedges

Changes in the fair value of commodity derivatives that are designated and qualify as hedging instruments of fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged items that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognized in profit or loss within other gains/(losses).

(12) Financial Liabilities

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

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

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

(13) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs of inventories are determined on the month-end weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Carrying amount of inventories includes any hedging gains or losses on the fair value hedged inventories that are attributable to the hedged commodity risk. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Share Capital and Capital Reserve

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

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(15) Trade and Other Payables

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

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

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

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

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

(17) Convertible Bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments, which contain both a liability component (together with the early redemption option which is closely related to the host liability component) and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible instrument. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognized in equity, net of any tax effects, until either the bonds are converted or redeemed.

If the bonds are converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. If the bonds are redeemed, the equity component is transferred to retained profits.

(18) Provisions

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

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

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

(19) Employee Benefits

(i) Short-Term Obligations

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

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

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

(iii) Post-Employment Benefits

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

(iv) Basic Pensions

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

(20) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by

recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 37.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(23) Dividend Income

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

(24) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(25) Government Grant

Government grants are monetary assets or non-monetary assets obtained by the Group from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Group for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

Government grants are recognized when the Group can comply with the conditions attached to them and when they can be received.

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Group's daily activities shall be included in other income; and the government grants unrelated to the Group's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Group are recorded directly in current profit or loss (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Group are divided into two types and subject to accounting treatment separately:

- Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Group at a policy-based preferential interest rate, the Group will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.

- Where the interest subsidies are paid directly to the Group, the Group will use such interest subsidies to offset the corresponding borrowing costs.

(26) Current and Deferred Income Tax

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

(i) Current Income Tax

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

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

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

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

(27) Leases

(i) Definition of a Lease

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

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

(ii) The Group as a Lessee

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

Short-Term Leases and Leases of Low-Value Assets

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

Right-of-Use Assets

The cost of right-of-use asset includes:

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

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

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

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

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

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

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

Lease Liabilities

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

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

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

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

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

(iii) The Group as a Lessor

Classification and measurement of leases

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

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

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

III SUBSEQUENT FINANCIAL STATEMENTS

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