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Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Zall Smart Commerce Group Ltd. (the “**Company**” or “**Zall Smart**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the unaudited comparative figures for the preceding period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025 — unaudited

(Expressed in Renminbi)

		For the six months ended 30 June	
		2025	2024
	<i>Note</i>	RMB’000	RMB’000
Revenue	3(a)	90,921,475	68,276,396
Cost of sales		<u>(90,644,136)</u>	<u>(67,912,566)</u>
Gross profit		277,339	363,830
Other net income	4	19,093	55,065
Selling and distribution expenses		(147,551)	(122,849)
Administrative and other expenses		(200,553)	(193,692)
Impairment loss reversed/(recognised) under expected credit loss model, net		<u>18,132</u>	<u>(42,596)</u>
(Loss)/gain from operations before changes in fair value of investment properties		(33,540)	59,758
Net valuation gain on investment properties	8	<u>305,747</u>	<u>294,534</u>

		For the six months ended	
		30 June	
		2025	2024
	Note	RMB'000	RMB'000
Profit from operations		272,207	354,292
Finance income	5(a)	125,523	122,803
Finance costs	5(a)	(293,809)	(338,891)
Share of net (losses)/profits of associates		(4,769)	651
Share of net profits/(losses) of joint ventures		7,418	(223)
		<hr/>	<hr/>
Profit before taxation	5	106,570	138,632
Income tax	6	(36,598)	(97,872)
		<hr/>	<hr/>
Profit for the period		69,972	40,760
		<hr/>	<hr/>
Attributable to:			
Equity shareholders of the Company		97,051	49,817
Non-controlling interests		(27,079)	(9,057)
		<hr/>	<hr/>
Profit for the period		69,972	40,760
		<hr/>	<hr/>
Earnings per share (RMB cents)			
Basic and diluted	7	0.78	0.40
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)*

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Profit for the period	69,972	40,760
Other comprehensive loss for the period		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of foreign operations, with nil tax impact	<u>(32,221)</u>	<u>(2,682)</u>
Other comprehensive loss for the period	<u>(32,221)</u>	<u>(2,682)</u>
Total comprehensive income for the period	<u>37,751</u>	<u>38,078</u>
Attributable to:		
Equity shareholders of the Company	64,830	47,135
Non-controlling interests	<u>(27,079)</u>	<u>(9,057)</u>
Total comprehensive income for the period	<u>37,751</u>	<u>38,078</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025 — unaudited
(Expressed in Renminbi)

		As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
	Note		
Non-current assets			
Investment properties	8	25,194,024	24,879,292
Property, plant and equipment	9	336,841	336,042
Intangible assets		414,853	416,889
Goodwill		251,498	251,498
Interests in associates		326,242	343,512
Interests in joint ventures		147,228	30,113
Equity investments at fair value through other comprehensive income		80,408	80,408
Contract assets		54,220	30,564
Deferred tax assets		416,772	498,414
		<u>27,222,086</u>	<u>26,866,732</u>
Current assets			
Inventories		4,328,550	3,975,854
Trade and other receivables	10	28,562,645	26,286,928
Financial assets at fair value through profit or loss		25,936	37,788
Amounts due from related parties and non-controlling shareholders of subsidiaries		588,736	729,527
Prepaid taxes		28,572	27,903
Pledged bank deposits		7,494,483	10,014,072
Cash and cash equivalents		1,531,290	1,545,952
		<u>42,560,212</u>	<u>42,618,024</u>

		As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
	Note		
Current liabilities			
Trade and other payables	11	18,380,210	18,755,310
Contract liabilities		16,872,656	14,924,656
Lease liabilities		6,688	6,901
Amounts due to related parties and non-controlling shareholders of subsidiaries		1,409,392	1,523,142
Interest-bearing borrowings	12	9,640,129	11,568,152
Current taxation		424,176	564,926
		<u>46,733,251</u>	<u>47,343,087</u>
Net current liabilities		<u>(4,173,039)</u>	<u>(4,725,063)</u>
Total assets less current liabilities		<u>23,049,047</u>	<u>22,141,669</u>
Non-current liabilities			
Interest-bearing borrowings	12	4,044,646	3,263,285
Deferred income		1,864	1,864
Lease liabilities		19,530	22,826
Deferred tax liabilities		4,602,303	4,510,741
		<u>8,668,343</u>	<u>7,798,716</u>
NET ASSETS		<u>14,380,704</u>	<u>14,342,953</u>
CAPITAL AND RESERVES	13		
Share capital		34,454	34,454
Reserves		13,981,593	13,916,763
Total equity attributable to equity shareholders of the Company		<u>14,016,047</u>	<u>13,951,217</u>
Non-controlling interests		364,657	391,736
TOTAL EQUITY		<u>14,380,704</u>	<u>14,342,953</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2025.

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim condensed consolidated financial information contains condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Zall Smart Commerce Group Ltd. (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) since the 2024 annual financial statements. These interim condensed consolidated financial information and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Accounting Standards, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024.

The financial information relating to the year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company’s registered office. In the auditor’s report dated 31 March 2025, the auditors expressed an unqualified opinion on those financial statements but drew attention to conditions which indicated existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

As at 30 June 2025, the Group had net current liabilities of approximately RMB4,173,039,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have given careful consideration to the future liquidity requirements and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its repayment obligations, as and when they fall due. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include but not limited to the following:

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows;
- the Group is actively and regularly reviewing its capital structure, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional funding by bank borrowings and share placement, where appropriate; and
- the Group plans to dispose of non-core business and assets to raise additional working capital.

In addition, as disclosed in note 12, bank loans and loans from other financial institutions of RMB3,732,407,000 (31 December 2024: RMB3,727,854,000) were guaranteed and/or secured by certain investment properties, properties under development for sale, completed properties held for sale and other assets of the Group with their carrying amount of RMB12,439,168,000 (31 December 2024: RMB12,297,563,000) in aggregate as at 30 June 2025 and bank loans and loans from other financial institutions of RMB1,587,358,000 (31 December 2024: RMB1,396,418,000) were guaranteed by corporate guarantees of certain of the Group's subsidiaries. The Group considered that the carrying amounts of the pledged assets are far exceeding the carrying amounts of the corresponding borrowings, therefore, management considered that the roll-over or refinancing of a substantial portion of the existing borrowings to extend the repayment dates to beyond twelve months from the end of the reporting period would be succeeded. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its overall property portfolio, including those properties that are currently not pledged.

After considering the above, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared on a going concern basis. Should the Group be unable to achieve the above plans and measures such that it would not be operated as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the interim condensed consolidated financial information.

The interim condensed consolidated financial information is unaudited and has not been reviewed by the Company's auditor, but has been reviewed by the audit committee of the Company (the "**Audit Committee**").

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these interim condensed consolidated financial statements for the current accounting period. The amendments do not have a material impact on this interim report as the group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are developing and operating large-scale consumer product-focused wholesale shopping malls in the People's Republic of China (the "PRC"), and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for the online and offline customers. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products or service lines		
— Revenue from sales of properties and related services	45,952	54,321
— Revenue from supply chain management and trading business	90,693,400	68,047,691
— Others	1,733	9,688
	90,741,085	68,111,700
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	116,961	122,416
Financing income	24,987	31,029
Others	38,442	11,251
	180,390	164,696
	90,921,475	68,276,396
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by geographical markets		
— The PRC	58,523,228	55,771,083
— Singapore	32,217,857	12,340,617
Total	90,741,085	68,111,700
Timing of revenue recognition		
A point in time	90,695,551	68,064,119
Over time	45,534	47,581
Total	90,741,085	68,111,700

The Group's customer base is diversified and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2025 and 2024.

- (ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

As at 30 June 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB188,534,000 (31 December 2024: RMB188,993,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and construction contracts entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in the future when or as the work is completed or, in the case of the properties under development for sale, when the properties are accepted by the customer or deemed as accepted according to the contract (whichever is earlier), which is expected to occur over the next 1 to 24 months (31 December 2024: next 1 to 24 months).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods, such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by mixture of business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development and related services: this segment develops, sells and operates large-scale consumer product-focused wholesale shopping malls and provides related value-added businesses, such as warehousing and logistics.
- Supply chain management and trading: this segment operates trading of agricultural products, chemical materials, plastic raw materials, consumer goods, black and non-ferrous metals, etc., and also provides trade-related supply chain finance services.

- (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and joint ventures, deferred tax assets, prepaid taxes, and other corporate assets. Segment liabilities include trade creditors, accruals, bills payables and lease liabilities attributable to the sales activities of the individual segments and bank borrowings managed directly by the segments and exclude current taxation, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is the profit before finance income, finance costs, income tax, and are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and joint ventures, directors' remuneration, unallocated income and other head office or corporate administration costs.

In addition, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances, borrowings and derivative managed directly by the segments and depreciation to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

	Property development and related services		Supply chain management and trading		Total	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	163,148	176,698	90,756,594	68,090,010	90,919,742	68,266,708
Reportable segment profit/(loss)	71,529	64,380	(109,948)	(54,301)	(38,419)	10,079
Other segment information:						
Net valuation gain on investment properties	305,747	294,534	–	–	305,747	294,534
Finance income	19	11	125,503	122,789	125,522	122,800
Finance costs	(38,817)	(67,518)	(251,004)	(271,347)	(289,821)	(338,865)
Impairment loss reversed/ (recognised) under expected credit loss model, net	(3,760)	(28,027)	6,774	(14,795)	3,014	(42,822)
Depreciation and amortisation	(10,440)	(13,005)	(25,484)	(33,679)	(35,924)	(46,684)
Share of net losses of associates	–	–	(5,409)	(2,261)	(5,409)	(2,261)
Share of net profits/(losses) of joint ventures	–	–	7,418	(223)	7,418	(223)
Additions to non-current segment assets during the period	15,594	2,214	41,093	18,038	56,687	20,252
As at 30 June/31 December						
Reportable segment assets	27,856,823	27,848,624	39,402,623	39,402,687	67,259,446	67,251,311
Reportable segment liabilities	3,358,252	3,632,842	44,819,699	43,617,984	48,177,951	47,250,826

(ii) *Reconciliations of reportable segment revenue and profit or loss*

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	90,919,742	68,266,708
Other revenue	1,733	9,688
	<u>90,921,475</u>	<u>68,276,396</u>
Profit		
Reportable segment (loss)/profit	(38,419)	10,079
Other net income	19,093	55,065
Net valuation gain on investment properties	305,747	294,534
Finance income	125,523	122,803
Finance costs	(293,809)	(338,891)
Share of net (losses)/profits of associates	(4,769)	651
Share of net profits/(losses) of joint ventures	7,418	(223)
Unallocated head office and corporate expenses	(14,214)	(5,386)
	<u>106,570</u>	<u>138,632</u>

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, intangible assets, goodwill, interest in associates and joint ventures ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interest in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	For the	For the	As at	As at
	six months ended	six months ended	30 June	31 December
	30 June 2025	30 June 2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	58,703,618	55,935,779	26,668,642	26,255,302
Singapore	32,217,857	12,340,617	2,044	2,044
	<u>90,921,475</u>	<u>68,276,396</u>	<u>26,670,686</u>	<u>26,257,346</u>

The analysis above includes property rental income from external customers in the PRC for the six months ended 30 June 2025 of RMB116,961,000 (six months ended 30 June 2024: RMB122,416,000).

4 OTHER NET INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Net fair value changes on financial instruments at fair value through profit or loss:		
— listed equity securities	(1,053)	(1,731)
— wealth management products and trust products	16,633	10,340
— forward contracts	2,820	12,703
— contingent consideration	—	11,791
	<u>18,400</u>	<u>33,103</u>
Government subsidies	5,982	22,291
Penalties on purchase order cancellation and commodities defects	(4,263)	—
Others	(1,026)	(329)
	<u>19,093</u>	<u>55,065</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance (income)/costs

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>(125,523)</u>	<u>(122,803)</u>
Finance costs		
Interest on interest-bearing borrowings	257,249	338,215
Interest on lease liabilities	621	520
Other borrowing costs	1,907	2,963
Less: Amounts capitalised into properties under development	<u>(37,462)</u>	<u>(42,839)</u>
	222,315	298,859
Bank charges and others	68,970	42,906
Net foreign exchange losses/(gains)	<u>2,524</u>	<u>(2,874)</u>
	<u>293,809</u>	<u>338,891</u>

(b) Other items

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Amortisation of intangible assets	18,653	20,611
Depreciation on		
— property, plant and equipment (other than right-of-use assets)	14,787	19,076
— right-of-use assets	8,980	11,393
	42,420	51,080
Staff costs		
— Salaries, wages and other benefits	136,454	119,102
— Contributions to defined contribution retirement plans	9,950	10,479
	146,404	129,581
Research and development costs (included in administrative and other expenses)	7,223	7,255
Impairment losses (reversed)/recognised under expected credit loss model:		
— trade debtors and bills receivable	2,777	6,561
— rental receivables	12,461	48,111
— loans and factoring receivables	(5,383)	3,688
— other receivables	(27,034)	(15,341)
— advance to suppliers	(953)	(423)
Cost of commodities sold	90,620,098	67,897,590
Cost of properties sold	13,157	3,453

6 INCOME TAX

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Current tax		
— The PRC Corporate Income Tax (“PRC CIT”)	14,561	22,635
— The PRC Land Appreciation Tax (“PRC LAT”)	—	1,015
	14,561	23,650
Over-provision in prior years		
PRC CIT	(151,121)	—
Deferred tax		
Origination and reversal of temporary differences	173,158	74,222
	36,598	97,872

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. Also, certain subsidiaries located in the British Virgin Islands (“BVI”) are not subject to any income tax in their local jurisdictions.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group did not earn any assessable income subject to Hong Kong Profits Tax for the six months ended 30 June 2025 and 2024.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

- (iii) Pursuant to the rules and regulations applicable to encouraged industries in the PRC western development strategy and e-commerce industry in Guangxi Zhuang Autonomous Region, one subsidiary of the Group is subject to PRC CIT at a preferential tax rate of 15% for the six months ended 30 June 2025 and 2024, and two subsidiaries of the Group are subject to PRC CIT at a preferential tax rate of 9% for the six months ended 30 June 2025 and 2024. Pursuant to the rules and regulations applicable to advanced technology enterprises of the PRC, three subsidiaries of the Group are subject to PRC CIT at a preferential tax rate of 15% for the six months ended 30 June 2025 and 2024. The application of preferential tax rate is reviewed by the tax authority annually.

All of the other PRC subsidiaries of the Group are subject to income tax at 25% for both years under the PRC CIT Law, which was enacted on 16 March 2007.

- (iv) PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which is calculated based on 8% of their revenue in accordance with the authorised tax valuation method approved by their respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Tax Bureau or any tax bureau of higher authority is remote.

- (v) The Group is within the scope of the Pillar Two Model Rules published by the Organisation for Economic Cooperation and Development. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

While the PRC has yet to introduce its draft legislation for implementation of the Pillar Two Model Rules, including the tax law that implements the global minimum tax and qualified domestic minimum top-up tax. Besides, as the Group’s estimated effective tax rates of Singapore in which the Group operates is higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management’s best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules. Based on the assessment for the six months ended 30 June 2025, the Group does not expect to have any Pillar Two exposure (including current tax) arising in these jurisdictions. Overall, based on the assessment for the period ended 30 June 2025 and the information currently available, the impact of these rules on the Group’s income tax position is not expected to be material.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary equity shareholders of the Company of RMB97,051,000 (six months ended 30 June 2024: RMB49,817,000) and the weighted average of 12,399,506,000 ordinary shares in issue during the six months ended 30 June 2025 (six months ended 30 June 2024: 12,399,506,000).

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding due to outstanding share options, because the exercise price of those share options was higher than the average market price for ordinary shares during six months ended 2024 and 2025.

8 INVESTMENT PROPERTIES

The Group's investment properties carried at fair value were revalued as at 30 June 2025 by an independent firm of surveyors, using the same valuation techniques as were used by this valuer when arranging out the December 2024 valuations.

As a result of the update, a net fair value gain of RMB305,747,000 (six months ended 30 June 2024: RMB294,534,000), and deferred tax charge thereof of RMB76,437,000 (six months ended 30 June 2024: RMB73,633,000), has been recognised in profit or loss in respect of investment properties.

As at 30 June 2025, the Group's completed investment properties and investment properties under development with carrying value of RMB11,960,698,000 (31 December 2024: RMB11,797,309,000) in aggregate were pledged as collateral for the Group's interest-bearing borrowings (note 12).

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group entered into several lease agreements for use of office premises and warehouses, and therefore recognised additions to right-of-use assets of RMB5,185,000.

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with aggregate costs of RMB19,939,000 (six months ended 30 June 2024: RMB5,136,000).

Items of property, plant and equipment with net book value of RMB99,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB11,554,000), resulting in a loss on disposal of RMB30,000 (six months ended 30 June 2024: a gain on disposal of RMB37,000).

As at 30 June 2025, the ownership certificates for certain buildings with net book value of RMB45,375,000 have not been obtained (31 December 2024: RMB43,206,000).

As at 30 June 2025, the Group's buildings with net book value of RMB28,275,000 (31 December 2024: RMB28,481,000) were pledged as collateral for the Group's interest-bearing borrowings and bills payable respectively (note 12).

10 TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade receivables, net of loss allowance	10,097,931	8,725,888
Loans and factoring receivables, net of loss allowance	1,225,829	1,282,860
	11,323,760	10,008,748
Advances to suppliers	15,439,028	13,981,971
Other receivables, deposits and prepayments	1,799,857	2,296,209
	28,562,645	26,286,928

As at 30 June 2025, other receivables of RMB250,000 (31 December 2024: RMB8,250,000) were pledged as collateral for the Group's interest-bearing borrowings (note 12).

(a) Ageing analysis of trade receivables

As at the end of the reporting period, the ageing analysis of trade receivables, based on revenue recognition date and net of allowance for impairment losses, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 6 months	9,754,517	7,739,161
Over 6 months but within 12 months	234,728	821,325
Over 12 months	108,686	165,402
	10,097,931	8,725,888

Customers are normally granted credit terms of 0 to 360 days, depending on the credit worthiness of individual customers.

(b) Loans and factoring receivables, net of loss allowance

	30 June 2025 RMB'000	31 December 2024 RMB'000
Secured loans receivable, net of loss allowance (i)	1,087,346	1,106,477
Factoring receivables, net of loss allowance	138,483	176,383
	1,225,829	1,282,860

- (i) Secured loans receivables represent loans advanced to associates and third-parties, which are secured by certain of the borrowers' inventories, properties and unlisted shares.

Ageing analysis

As at the end of the reporting period, the ageing analysis of loans and factoring receivables, based on drawn-down date of loans and factoring receivables and net of allowance for doubtful debts, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 6 months	1,142,061	1,077,822
Over 6 months but within 12 months	30,335	117,935
Over 12 months	53,433	87,103
	<u>1,225,829</u>	<u>1,282,860</u>

Borrowers are normally granted credit terms of 0 to 360 days, depending on the credit worthiness of individual customers.

11 TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade and bills payables (i)	13,531,298	14,779,661
Receipts in advance (ii)	71,914	76,313
Other payables and accruals	4,776,998	3,899,336
	<u>18,380,210</u>	<u>18,755,310</u>

- (i) As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 6 months	12,112,634	13,737,077
Over 6 months but within 12 months	1,223,104	727,534
Over 12 months	195,560	315,050
	<u>13,531,298</u>	<u>14,779,661</u>

Assets of the Group pledged to secure the bills payables comprise:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Pledged bank deposits	7,189,095	9,841,835

(ii) Receipts in advance mainly represents rental receipts in advance for investment properties.

12 INTEREST-BEARING BORROWINGS

The analysis of the carrying amount of interest-bearing borrowings is as follows:

		30 June 2025 RMB'000	31 December 2024 RMB'000
	<i>Note</i>		
Current			
Bank loans and loans from other financial institutions	12(a)	3,912,200	4,985,867
Other loans	12(b)	1,937,089	1,996,716
Loans from an entity controlled by Ultimate Controlling Party	12(c)	20,000	20,000
Discounted bank acceptance bills	12(d)	3,770,840	4,565,569
		9,640,129	11,568,152
Non-current			
Bank loans and loans from other financial institutions	12(a)	2,184,043	1,316,019
Other loans	12(b)	1,860,603	1,947,266
		4,044,646	3,263,285
		13,684,775	14,831,437

(a) **Bank loans and loans from other financial institutions**

At 30 June 2025, bank loans and loans from other financial institutions were repayable as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year or on demand	3,912,200	4,985,867
After 1 year but within 2 years	715,157	218,131
After 2 years but within 5 years	1,468,886	1,097,888
After 5 years	—	—
	2,184,043	1,316,019
	6,096,243	6,301,886

(i) The breakdown of bank loans and loans from other financial institutions were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Secured/guaranteed	5,319,765	5,124,272
Unsecured	776,478	1,177,614
	6,096,243	6,301,886

(ii) At 30 June 2025, certain bank loans and loans from other financial institutions of RMB1,587,358,000 (31 December 2024: RMB1,396,418,000) were guaranteed by related parties and the Group's subsidiaries respectively. Certain bank loans and loans from other financial institutions of RMB3,732,407,000 (31 December 2024: RMB3,727,854,000) were secured by the following assets of the Group:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Pledged bank deposits	22,235	37,983
Other receivables	250	8,250
Completed investment properties and investment properties under development	11,960,698	11,797,309
Properties under development for sale	251,803	252,668
Completed properties held for sale	175,907	172,872
Property, plant and equipment	28,275	28,481
	12,439,168	12,297,563

- (iii) Bank loans and loans from other financial institutions bear fixed interest ranging from 2.85% to 12.00% per annum as at 30 June 2025 (31 December 2024: 2.85% to 12.00% per annum).
- (iv) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's subsidiaries' statement of financial position ratio; (2) restriction of profit distribution by certain of its subsidiaries; or (3) restriction of providing financial guarantees. These requirements are commonly found in lending arrangements with banks and financial institutions. In the event that the Group was to breach such covenants, subject to the nature of the breach, the Group would be subject to penalty and the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders.

As at 30 June 2025, none of the covenants relating to the Group's bank loans and loans from other financial institutions had been breached, except that the Group did not fulfil the financial covenants of bank loans and loans from other financial institutions of RMB159,400,000 (31 December 2024: RMB950,900,000). These balances were repayable on demand as a result of the breach of financial covenants.

(b) Other loans

As at 30 June 2025, other loans were repayable as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within one year or on demand	<u>1,937,089</u>	<u>1,996,716</u>
After 1 year but within 2 years	1,083,169	1,169,832
After 2 years but within 5 years	<u>777,434</u>	<u>777,434</u>
	<u>1,860,603</u>	<u>1,947,266</u>
	<u>3,797,692</u>	<u>3,943,982</u>

As at 30 June 2025, other loans were unsecured (31 December 2024: unsecured) and bear fixed interest ranging from 4.00% to 12.00% (31 December 2024: 4.00% to 12.00% per annum).

- (c) Loans from an entity controlled by ultimate controlling party of the Company (“**Ultimate Controlling Party**”) are unsecured and bear fixed interest of 5% (31 December 2024: 5%) per annum as at 30 June 2025.
- (d) The Group has discounted bank acceptance bills of RMB3,770,840,000 as at 30 June 2025 (31 December 2024: RMB4,565,569,000). The Group still retains virtually all its risks and rewards, including the risk of default on discounted bank acceptance bills. Therefore, the Group continued to fully recognise the discounted instruments.

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year was approved or paid during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as interest-bearing borrowings and lease liabilities less deposits with banks with original maturity over three months, pledged bank deposits and cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group's strategy is to maintain the adjusted net debt-to-capital ratio not exceed 75%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Current liabilities:		
Interest-bearing borrowings	9,640,129	11,568,152
Lease liabilities	6,688	6,901
Non-current liabilities:		
Interest-bearing borrowings	4,044,646	3,263,285
Lease liabilities	19,530	22,826
Total debt	13,710,993	14,861,164
Less: Pledged bank deposits	(7,494,483)	(10,014,072)
Cash and cash equivalents	(1,531,290)	(1,545,952)
Adjusted net debts	4,685,220	3,301,140
Total equity attributable to equity shareholders of the Company	14,016,047	13,951,217
Adjusted net debt-to-capital ratio	33.43%	23.66%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Consumer product-focused wholesale trading

The Group's core project, North Hankou International Trade Center ("**North Hankou**"), had formed 30 large comprehensive clusters of specialized markets covering branded clothing, small merchandise, hotel supplies, secondhand vehicles, and etc. It had built commercial theme zones including Hankou Town, Universal Town, Wuhan 1980, Carnival Theme Park and the Coffee Street, commercial featured towns such as Flower Town, Flavor Town and Automobile Town, and modern supply chain projects such as New Textile Wharf, Fisherman's Wharf and Spice Exchange, thus accelerating the establishment of China's largest and world's leading supply chain management center and commercial logistics platform.

In the first half of 2025, North Hankou focused on the continuous upgrading of the commodity market, vigorously developing the new mode of "industry integration, experiential consumption, trade digitization, supply chain services and new foreign trade business", and deepened the integration of digital technology and real economy, culture, business and tourism, and exhibition and trade, and deeply connected with the source industry chain and the end consumption chain, so as to blaze a new path for modernized commerce and logistics, and build a national important base for the integration of the commodity supply chain and a core hub for the dual circulation strategy. The 2025 Government Work Report of Hubei Province proposed "hosting major open events such as the Wuhan (Hankoubei) commodities fair", while the 2025 Government Work Report of Wuhan City proposed "building North Hankou into an integrated domestic and international trade base." At the 2025 China Commodity Trade Market Conference, North Hankou was awarded the honorary titles of "2024 National Model Market for Digital and Intelligent Development in Commodity Trade Markets" and "2024 National Model Market for Logistics Supply Chain Innovation in Commodity Trade Markets."

North Hankou continues to innovate, introducing diverse commercial resources to accelerate the development of new experiential consumption scenarios. The first-store economy, industry chain leaders and new consumer brands are clustering here, with the industrial agglomeration effect becoming increasingly evident. Women's apparel brands such as Muko, N37 Degree and Yu Ni; children's apparel brand Black Ace Akiss; and lingerie brand Oleno have settled in the Branded Clothing City; Shunfu Textile, Goldsun Textile, Torch Down, and Minglian Textile have settled in the New Textile Wharf; Chengle Food's first store in Central China has settled in the Hotel Supplies City; The Dongfeng Nissan new 4S store, the Avatr Central China flagship store jointly developed by Changan Automobile and Huawei and the Yamaha motorcycle flagship store have all settled in North Hankou Automobile Town; the first homestay-themed home furnishings gallery in Central China, Tan's Craftsmen, has moved into the Dream Home Customization City.

Leveraging its strong supply chain management service capabilities, North Hankou continues to upgrade modernized supply chain systems for flowers, seafood, chili peppers, coffee, clothing, textiles and more, forming clusters and strengthening industrial foundations. The Flower Town has become the largest floral trading and service center in Central China, with sales volumes steadily increasing; The Fisherman's Wharf "Seafood Chain" leverages intelligent warehousing systems and drone delivery networks to swiftly deliver premium seafood like lobsters and king crabs to Wuhan's core commercial districts; the Huafanglian integrates domestic and international, upstream and downstream resources to provide enterprises with trading, design and bulk procurement services; the Spice Exchange has established a service network covering the four provinces of Central China, driving the scaled and digital development of the chili industry. The Coffee Street brings together over 30 major coffee supply chain companies, offering coffee beans from over 50 countries and regions.

To achieve smooth cargo flow and establish a dual-circulation commerce hub, North Hankou collaborates with SF Express Group to develop the Huahu Airport Hankou North Cargo Terminal, enabling strategic synergy between the Wuhan-Ezhou Airport-type National Logistics Hub and the Hankou North National Commerce and Services Hub. Through the three-dimensional empowerment of "aviation hub + commerce market + smart manufacturing technology", North Hankou can leverage the global supply chain network to accelerate the expansion of "one-stop going global" channels for advantageous industries such as curtains and hotel supplies.

Hankou North continues to deepen the integration of digital technology and real economy, driving the vigorous development of e-commerce. The Hankou North Live Streaming E-commerce Base has established multiple live streaming studios, including the Branded Clothing City, Hotel Supplies City, Coffee Street and Light Textile City, with over 200 new live streaming teams added. Online order volumes for categories such as apparel and home furnishings have surged, with daily live streaming GMV continuously setting new records. Additionally, North Hankou has been conducting free training programs for live-streaming e-commerce talents, successfully incubating over 50 well-known live-streaming hosts, promoting continuous upgrade of the live-streaming ecosystem.

Through years of adhering to the integration of exhibition and trade, North Hankou has established itself as a benchmark in the industry exhibition sector. During the Reporting Period, North Hankou hosted a series of exhibition and sales events, including the 14th Hankou North Curtain Industry Spring Ordering Fair 2025, the "China's Best Export Products Tour" at the Hubei Station and the "Joyful Shopping in Hubei" Consumer Season Campaign, the 7th World Health Expo Hankou North Traditional Chinese Medicine Culture Week 2025, and the Hankou North Summer Stationery Expo 2025, further enhancing the brand reputation of industry exhibitions.

Integrating culture, business and tourism, North Hankou is committed to creating a high-quality world-class shopping park. Leveraging its characteristic streets and themed towns, North Hankou has created a consumption scenario where “every week has a theme and every month produces a hit product.” The May Day Carnival, themed “Shop Globally, Enjoy May Day”, integrated traditional Chinese-style parades, family workshops and global direct procurement, attracting over one million participants. The 1980-themed district and “Hankou Town • Drama Wharf” debuted at the Chinese Culinary Expo, with their retro settings gaining significant attention and becoming a new highlight of Hubei’s cultural and tourism consumption. Additionally, North Hankou launched customized weekend activities around Mother’s Day, “520”, and the Dragon Boat Festival, successfully creating joyful experiences that precisely reached diverse customer groups, which effectively enhanced brand warmth, regional popularity and overall influence.

Supply Chain Management and Trading

The Group had established and operated a B2B trading platform matrix for agricultural products, chemical plastics, steel and energy.

Shenzhen Sinoagri E-commerce Co., Ltd. (“**Sinoagri**”), a large-scale B2B trading platform for agricultural products under the Group, adhered to its customer-centric approach, and focused on dual drivers of quality improvement and efficiency enhancement in core businesses alongside digital innovation. It proactively advances strategic resource allocation and customer structure optimization, achieving operating revenue of RMB24.5 billion during the Reporting Period. In the first half of 2025, the global sugar market exhibited a “first rise, then decline” trend. At the beginning of the year, international sugar prices rose sharply due to reduced production in major producing countries such as India and Thailand. Starting in April, as Brazil, which accounts for 60% of global exports, increased its production capacity, the supply shortage was effectively alleviated, leading to a sustained decline in sugar prices. Benefiting from the recovery in domestic sugar production and a year-on-year decrease in sugar imports, the decline in domestic sugar prices narrowed to within 3%. Facing an increasingly volatile market environment, Sinoagri has focused on three key areas: resource integration, customer relationships deepening and digital empowerment. First, Sinoagri has directly connected with high-quality sugar companies in production areas to efficiently match production area resources with downstream demand, meeting the diversified procurement needs of downstream customers and strengthening control over the domestic sugar supply chain. Second, Sinoagri deepens its “customer-resource-product” integrated operational model, providing customized product and service solutions to cover over 70% of core customer groups’ procurement needs. Third, Sinoagri continues to enhance online transaction activity, with the number of transaction customers rising by 13% year-on-year and increased customer loyalty; The online planting management platform independently developed by its agricultural business team has achieved full-process digital control of “plowing, planting, managing and harvesting” for 2,800 acres of bases. Through functions such as plot division, agricultural task distribution and biological asset monitoring, it has effectively improved agricultural production efficiency and standardization levels. Sinoagri has established three business scenarios: sugarcane seedling supply, agricultural fertilizer bulk procurement and cooperative planting, driving the cooperative sugarcane planting area to exceed 11,000 acres.

During the Reporting Period, the company continued to deepen resource integration in high-value-added sectors. In the coffee sector, the company actively expanded its global network of high-quality green coffee bean production regions, sending teams to core production areas such as Ethiopia, Peru, Costa Rica and Honduras for direct sourcing, effectively ensuring the stability of green coffee bean quality and delivery schedules. Meanwhile, Sinoagri focused on the core needs of large-scale domestic roasting factories and leading coffee and tea beverage chain brands, providing customized procurement solutions, stable quality assurance and efficient supply chain services, thereby significantly enhancing the company's bargaining power and brand influence. In the rubber sector, Sinoagri enters the market through a light-asset model, fully leveraging the geographical advantages of Yunnan, the main natural rubber-producing region, to rapidly establish three core business models: bulk procurement and distribution, raw material procurement services and fast spot trading matching. In the spice and seasoning sector, the Xinjiang Aqsu Spice and Seasoning Deep Processing Center has officially commenced operations, significantly enhancing local processing capabilities and successfully securing industry-leading enterprise clients such as Shandong Dashudafute Food Co., Ltd. and Sichuan Cuihong Food Co., Ltd.

To continuously strengthen business support capabilities, Sinoagri has prioritized the intelligent upgrading of its digital trade platform, developing four core capabilities: building a SaaS-based foundation, achieving AI-driven precise supply-demand matching, enabling trustworthy transactions through blockchain technology and strengthening financial security oversight. Meanwhile, Sinoagri has deepened the application of its "AI+" matrix, launching the "Sinoagri Core" all-domain ABI platform to integrate core indicators such as business and finance, human resources and others, thereby establishing an intelligent decision-making hub. The Company has also introduced tools such as AI assistants, intelligent market reports and Xiaoyi data Q&A to enhance operational efficiency, and has for the first time applied AI technology to core scenarios such as raw timber futures delivery, thereby strengthening resource sharing and business expansion capabilities. During the Reporting Period, the Company was successfully recognized as a national agricultural leading enterprise for its performance in industrial synergy, technological application and farmer engagement.

The HSH International Inc. ("**HSH**") of the Group operates under a "platform + supply chain services" model, integrating information, commodities and logistics resources. It has made significant planning in regards of digital supply chains, digitalized cloud factories, agile warehousing and logistics and industry-finance technology, providing supply chain services tailored to upstream and downstream customers in the chemical and plastic industries. During the period, HSH further refined its distribution categories and regional portfolio strategies. For PET product distribution, the focus was on the Central China and Southwest China markets to enhance sales network coverage and market share; for PP product distribution, the focus was on the South China and North China markets, leveraging precise market positioning and efficient channel development to expand market potential; meanwhile, new distribution channels for aromatic

hydrocarbon products were established to diversify the product portfolio and enhance overall market competitiveness, thereby achieving the strategic goal of diversified development. To improve logistics efficiency and transparency, HSH actively developed a TMS system which is capable of efficiently handling key business processes such as logistics orders, quotation requests, transportation scheduling and fee calculation. Companies can communicate and interact with logistics carriers through the system and mini-programs, achieving real-time visibility of the entire logistics process, optimizing transportation routes and reducing transportation costs. Additionally, the “Yunnan Substrate Pot Project” launched in collaboration with Shenghaoda is progressing steadily. To continuously support substrate pot clients in expanding their industry influence and market share, HSH has established a comprehensive sales and recycling system to ensure effective recycling and reuse of substrate pots, maximizing resource utilization and driving the industry toward more environmentally friendly and sustainable development. As of 30 June 2025, the HSH platform had accumulated 56,088 clients, generating approximately RMB10.1 billion in revenue.

In the ferrous commodities sector, Shanghai Zall Steel E-commerce Co., Ltd. (“**Zall Steel**”) under the Group leverages the “Smart Trading” core framework, combined with a dual-drive model of “supply chain service + technical services”, to build a comprehensive service ecosystem encompassing smart trading, supply chain services, digital intelligence services, warehouse IoT, smart logistics and data information. Zall Steel has collaborated with 16 financial institutions to create a “multi-bank, multi-product” supply chain service supermarket, featuring core products such as Steel Purchase E-Chain, Supply Assurance E-Chain, E-Credit Treasure and Joyful Procurement E-Chain, precisely addressing enterprises’ financing challenges. To date, it has served over 5,000 clients. Zall Steel also provides customers with safe and efficient warehousing and processing solutions. It has established 32 standard warehouses and 372 certified warehouses nationwide, serving over 5,000 cargo owners. Its self-developed digitalized warehouse invoice consortium blockchain system has obtained national intellectual property invention patent. Zall Steel’s one-stop smart logistics platform, “Xiaohuo Zhiyun”, integrates over 600 logistics carriers and 6,000 core transportation routes nationwide. Through intelligent matching algorithms, it achieves precise cargo-vehicle matching, ensuring cargo safety and information transparency throughout the process. Its services cover 260 prefecture-level cities nationwide, providing standardized and efficient logistics services to over 2,000 enterprises. In terms of market expansion, Zall Steel achieved a breakthrough in exporting finished steel products from Vietnam to the Taiwan market, while also driving product upgrades from raw materials to finished goods. During the Reporting Period, Zall Steel achieved operating revenue of approximately RMB7.5 billion. Thanks to its outstanding contributions to the industry, it has been honored with multiple awards, including Shanghai Municipal E-Commerce Demonstration Enterprise, Shanghai Top 100 Enterprise, and “Strengthening the Source and Helping Enterprises” Industry-Finance Service Base of Shanghai Futures Exchange.

Since its launch in October 2018, the Commodities Intelligence Centre (CIC) has focused on the online trading of bulk commodities, utilizing blockchain technology as its underlying infrastructure to reduce international trade risks, enhance operational efficiency and provide one-stop solutions. As of June 2025, the CIC platform had accumulated 16,965 registered users and a total transaction volume exceeding USD37.5 billion, with primary trading categories including coal, nickel, copper, iron and electrolytic copper. In 2025, CIC's supply chain financial services reached a new level, with deepening cooperation with ZMA Smart Capital Pte. Ltd., actively providing online financing solutions for small and medium-sized enterprises engaged in cross-border trade. Meanwhile, leveraging its platform's accumulated data and blockchain technology, CIC continuously improves the efficiency of value-added services, provides effective risk management, expands procurement channels, reduced transaction costs, and enhances transaction efficiency. As of 30 June 2025, CIC achieved operating revenue of approximately RMB32.2 billion.

The Group has achieved a significant growth in supply chain management and trading businesses through online and offline integrated development in recent years. Given appropriate opportunities, the Group will continue to expand to other sectors through organic growth or merger and acquisitions, thereby constantly enriching and improving the intelligent ecosphere of Zall Smart Commerce and further enhancing operational efficiency.

FUTURE PROSPECTS

The digital economy, as a new form of economy, has become an important driving force for high-quality economic development. Zall Smart Commerce has been vigorously building a matrix of intelligent trading platforms, providing comprehensive digital services covering trading, warehousing, logistics, finance and supply chain management for industries such as agricultural products, chemicals and plastics, ferrous metals, wholesale markets and cross-border trading, thus driving the transformation of traditional trade to digital trade. It has served over 300,000 enterprises to date.

Going forward, Zall Smart Commerce will continue to strengthen the research and development and application of digital technologies, and apply big data, artificial intelligence and other digital technologies to build a service system integrating “B2B trading services, supply chain services and digital technology cloud services”, so as to help enterprises reduce costs and increase efficiency and further improve the synergies of trading efficiency, warehousing and logistics efficiency and capital efficiency. Additionally, the Company will leverage its industrial advantages and market demand to actively extend its service reach along the industrial chain, continuously improving operational efficiency and value, enhancing the stability and resilience of the industrial and supply chains, and collaborating with upstream and downstream enterprises and partners to jointly build an open, collaborative and mutually beneficial industrial ecosystem.

INVESTMENT PORTFOLIO

The portfolio of listed equity investments of the Group as at 30 June 2025 and 31 December 2024 were as follows:

As at 30 June 2025

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount as at 30 June 2025 RMB'000	Unrealised holding loss arising on revaluation for the six months ended 30 June 2025 RMB'000	Realised holding loss arising on disposal for the six months ended 30 June 2025 RMB'000	Dividend received for the six months ended 30 June 2025 RMB'000
00607.HKEX	Fullshare Holdings Limited ("Fullshare")	11,819,250	1.86%	620,157	4,419	1,053	-	-

As at 31 December 2024

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount as at 31 December 2024 RMB'000	Unrealised holding loss arising on revaluation for the year ended 31 December 2024 RMB'000	Realised holding loss arising on disposal for the year ended 31 December 2024 RMB'000	Dividend received for the year ended 31 December 2024 RMB'000
00607.HKEX	Fullshare	11,819,250	1.86%	620,157	5,473	1,275	-	-

As at 30 June 2025, the Group held approximately 11,819,250 (31 December 2024: 11,819,250) shares in Fullshare, representing approximately 1.86% of its entire issued share capital (31 December 2024: 1.86%). Fullshare is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its principal activities are property development and investment, tourism, investment and financial services, provision of healthcare and education products and services business and new energy business. The Group recognized an unrealised holding loss of approximately RMB1.1 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: an unrealised holding loss of less than RMB1.7 million). The carrying amount of investment in Fullshare accounts for less than 0.01% of the Group's total assets as at 30 June 2025 (31 December 2024: less than 0.01%). The Group would like to emphasize that the unrealised holding loss is non-cash in nature and relates to the change in fair value of the Group's investment in Fullshare that is volatile in nature. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

RESULTS OF OPERATION

Operating revenue

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
— Revenue from sales of properties and related services	45,952	54,321
— Revenue from supply chain management and trading business	90,693,400	68,047,691
— Others	1,733	9,688
	<u>90,741,085</u>	<u>68,111,700</u>
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	116,961	122,416
Financing income	24,987	31,029
Others	38,442	11,251
	<u>90,921,475</u>	<u>68,276,396</u>

Revenue of the Group increased by approximately 33.2% from approximately RMB68,276.4 million for the six months ended 30 June 2024 to approximately RMB90,921.5 million for the six months ended 30 June 2025. The increase was primarily due to the increase in revenue from supply chain management and trading business.

Revenue from supply chain management and trading business

The Group's revenue from supply chain management and trading business has contributed approximately 99.7% of the Group's total revenue for the six months ended 30 June 2025, and increased by approximately 33.3% compared to that from the same period last year due to the increase in the scale of supply chain management and trading business.

Rental income from investment properties

The Group's rental income decreased from approximately RMB122.4 million for the six months ended 30 June 2024 to approximately RMB117.0 million for the six months ended 30 June 2025, primarily due to the decrease in rented areas during the reporting period.

Revenue from financing income

The Group's financing income decreased by approximately 19.5% from approximately RMB31.0 million for the six months ended 30 June 2024 to approximately RMB25.0 million for the six months ended 30 June 2025. The decrease was mainly due to the decrease in the scale of supply chain finance business of Shenzhen Sinoagri compared with that from the same period last year.

Revenue from sales of properties and related services

Revenue from the sale of properties and related services decreased by approximately 15.4% from approximately RMB54.3 million for the six months ended 30 June 2024 to approximately RMB46.0 million for the six months ended 30 June 2025.

The Group's revenue from sales of properties was generated from the sales of retail shops and auxiliary facilities units. The decrease in revenue from sales of properties was mainly due to the decrease in gross floor area delivered during the six months ended 30 June 2025.

Cost of sales

Cost of sales of the Group increased by approximately 33.5% from approximately RMB67,912.6 million for the six months ended 30 June 2024 to approximately RMB90,644.1 million for the six months ended 30 June 2025, which was in line with the increase in revenue.

Gross profit

Gross profit of the Group decreased by approximately 23.8% from approximately RMB363.8 million for the six months ended 30 June 2024 to approximately RMB277.3 million for the six months ended 30 June 2025. The Group's gross profit margin decreased from approximately 0.5% in the first half of 2024 to approximately 0.3% in the first half of 2025. It was mainly attributable to the decrease in the gross profit margin from the supply chain management and trading business for the six months ended 30 June 2025.

Other net income

Other net income of the Group decreased by approximately 65.3% from approximately RMB55.1 million for the six months ended 30 June 2024 to approximately RMB19.1 million for the six months ended 30 June 2025. The decrease was mainly attributable to the combine effect of (i) the decrease in government subsidies of approximately RMB16.3 million; (ii) the decrease in net gain in fair value change on forward contracts of approximately RMB9.9 million; and (iii) the net gain in fair value change on contingent consideration of approximately RMB11.8 million for the six months ended 30 June 2024, while no further gain or loss would be recognised as the underlying assets were disposed in 2024.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately 20.1% from RMB122.8 million for the six months ended 30 June 2024 to approximately RMB147.6 million for the six months ended 30 June 2025. The increase was mainly due to the increase in promotion expense of approximately RMB25.3 million.

Administrative and other expenses

Administrative and other expenses of the Group increased by approximately 3.5% from approximately RMB193.7 million for the six months ended 30 June 2024 to approximately RMB200.6 million for the six months ended 30 June 2025. The increase was mainly due to the combine effect of (i) the increase in staff cost of approximately RMB17.8 million; (ii) the decrease in professional fees of approximately RMB7.0 million; and (iii) the decrease in depreciation expense of approximately RMB5.7 million.

Impairment loss reversed/(recognised) under expected credit loss model, net

Impairment loss reversed under expected credit loss model of the Group for the six months ended 30 June 2025 was approximately RMB18.1 million, as compared to impairment loss recognised of approximately RMB42.6 million for the same period last year. The change was mainly caused by (i) a decrease in impairment loss recognised on rental receivables of approximately RMB35.7 million; (ii) impairment loss reversed on loans and factoring receivables of approximately RMB5.4 million for the six months ended 30 June 2025, compared to impairment loss of approximately RMB3.7 million for the six months ended 30 June 2024; and (iii) an increase in impairment loss reversed on other receivables of approximately RMB11.7 million.

Net valuation gain on investment properties

The Group holds a portion of properties which were developed for rental income and/or capital appreciation purposes. The Group's investment properties are revaluated at the end of the respective review period by an independent property valuer. The net valuation gain on investment properties increased by approximately 3.8% from approximately RMB294.5 million for the six months ended 30 June 2024 to approximately RMB305.7 million for the six months ended 30 June 2025. The increase was mainly due to additional properties transferred to investment properties during the period. The return of investment properties remains stable and the Group will closely monitor the performance of its investment and adjust its investment plan when necessary.

Finance income and costs

Finance income of the Group increased by approximately 2.2% from approximately RMB122.8 million for the six months ended 30 June 2024 to approximately RMB125.5 million for the six months ended 30 June 2025. There were no significant fluctuations compared to prior period.

Finance cost of the Group decreased by approximately 13.3% from approximately RMB338.9 million for the six months ended 30 June 2024 to approximately RMB293.8 million for the six months ended 30 June 2025. The decrease was mainly caused by (i) interest on interest-bearing borrowings waived by a lender of approximately RMB100.7 million; and (ii) an increase in bank charges and others of approximately RMB26.1 million.

Share of net (losses)/profits of associates

Share of net losses of associates was approximately RMB4.8 million for the six months ended 30 June 2025, compared to net profits of approximately RMB0.7 million for the six months ended 30 June 2024. The change was mainly attributed to the increase in net losses of certain associates during the period.

Share of net profits/(losses) of joint ventures

Share of net profits of joint ventures of the Group was approximately RMB7.4 million for the six months ended 30 June 2025, compared to net losses of approximately RMB0.2 million for the six months ended 30 June 2024. The change was mainly attributed to the increase in profits of one joint venture during the period.

Income tax

Income tax decreased by approximately 62.6% from approximately RMB97.9 million for the six months ended 30 June 2024 to approximately RMB36.6 million for the six months ended 30 June 2025. The decrease was mainly due to reversal of over-provided PRC CIT of approximately RMB40.0 million in prior years (the remaining over-provision of PRC CIT was netted off with deferred tax expense on write-off of bad debt during the period).

Profit for the period

For the six months ended 30 June 2025, the Group recorded a net profit of approximately RMB70.0 million, representing an increase of approximately 71.7% over the amount of approximately RMB40.8 million for the six months ended 30 June 2024.

Liquidity and capital resources

As at 30 June 2025, the Group had net current liabilities of approximately RMB4,173.0 million (31 December 2024: approximately RMB4,725.1 million) and net assets of approximately RMB14,380.7 million (31 December 2024: approximately RMB14,343.0 million). Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position, for instance, by implementing various strategies to improve the Group's income from supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings, and considering raising additional capital by bank borrowings and share placement and disposing of non-core businesses and assets, where appropriate. As at 30 June 2025, equity attributable to equity shareholders of the Company amounted to approximately RMB14,016.0 million (31 December 2024: approximately RMB13,951.2 million), comprising issued capital of approximately RMB34.5 million (31 December 2024: approximately RMB34.5 million) and reserves of approximately RMB13,981.6 million (31 December 2024: approximately RMB13,916.8 million).

Cash position and treasury policies

The Group's cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC. As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately RMB1,531.3 million (31 December 2024: approximately RMB1,546.0 million). The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group by taking into consideration of the changes in economic conditions, future capital requirements and projected strategic investment opportunities.

Interest-bearing borrowings

The Group's total interest-bearing borrowings decreased by approximately 7.7% from approximately RMB14,831.4 million as at 31 December 2024 to approximately RMB13,684.8 million as at 30 June 2025. Majority of the interest-bearing borrowings were denominated in RMB, being the functional currency of the Group. Details of the interest rates and the maturity profile of borrowings during the six months ended 30 June 2025 are set out in note 12 to the unaudited condensed consolidated interim results of the Company in this announcement.

Net gearing ratio

The Group's net gearing ratio increased from approximately 23.7% as at 31 December 2024 to approximately 33.4% as at 30 June 2025. The increase in net gearing ratio was mainly due to the increase in the amount of adjusted net debts, where total debt and pledged bank deposits both decreased. The net gearing ratio is calculated by dividing interest-bearing borrowings and lease liabilities net of cash and cash equivalents and pledged bank deposits, by total equity attributable to equity shareholders of the Company.

Foreign exchange risk

The Group's sales were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Board expects any future exchange rate fluctuation will not have any material effect on the Group's business. As at 30 June 2025, the Group did not use any financial instruments for hedging purpose. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on assets

As at 30 June 2025, the Group had pledged certain of its assets with a total book value of approximately RMB16,210.0 million (31 December 2024: approximately RMB16,863.1 million) and a total book value of approximately RMB7,189.1 million (31 December 2024: approximately RMB9,481.8 million) for the purpose of securing certain of the Group's interest-bearing borrowings and bills payables respectively.

Material acquisitions and disposals of subsidiaries, associated companies and/or joint ventures

The Group had no material acquisition or disposal of subsidiaries, associated companies and/or joint ventures during the six months ended 30 June 2025. The Group will continue to seek opportunities to sell non-core assets and businesses to enhance liquidity and devote investment resources to core businesses.

Significant investments held

Particulars of major properties (investment properties) of the Group as at 30 June 2025 are set out in note 8 to the unaudited condensed consolidated interim results of the Company in this announcement.

Investment properties constitute the main part of the Group's offline markets. Through self-owned capital, bank borrowings and other channels, the Group will continue the investment in the market, promote the upgrade of North Hankou International Trade Centre, and build modern and international supporting facilities. It will improve service standards through professional market management, facilitating the integration of online and offline business, coordinated development and market prosperity and increasing the market value.

Save as disclosed above, the Group did not have other significant investments and future plans for the six months ended 30 June 2025.

Segment reporting

Details of the segment reporting of the Group for the six months ended 30 June 2025 are set out in note 3 to the unaudited condensed consolidated interim results of the Company in this announcement.

Contingent liabilities

In accordance with industrial practice, the Group has made arrangements with various PRC banks to provide mortgage facilities to the purchasers of its pre-sold properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the purchasers obtaining the individual property ownership certificate and the full settlement of mortgage loans by the purchasers.

As at 30 June 2025, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to approximately RMB68.8 million (31 December 2024: approximately RMB82.8 million). As at 30 June 2025, the Group provided a financial guarantee to third parties of approximately RMB67.1 million (31 December 2024: approximately RMB282.8 million).

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued a number of amendments to International Financial Reporting Standards that are first effective for the accounting period of six months ended 30 June 2025. For details, please refer to note 2 to the unaudited condensed consolidated interim results of the Company in this announcement.

EVENTS AFTER REPORTING PERIOD

Up to the date of this announcement, the Group did not have any material events occurred after the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 1,558 full time employees (30 June 2024: 1,628). Remuneration for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2025, the employee benefit expenses were approximately RMB146.4 million (for the six months ended 30 June 2024: approximately RMB129.6 million).

The Group has also adopted a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group’s operations. The Share Option Scheme has expired on 20 June 2021. In relation to the Share Option Scheme, 15,547,407 share options were outstanding as at 30 June 2025, no share option was lapsed, exercised or cancelled under the Share Option Scheme during the period. The Company has approved and adopted a new share option scheme (the “**2021 Share Option Scheme**”) on 28 May 2021 to continue the grant of share options to eligible participants as incentives of rewards for their contribution or potential contribution to the Group. As at 30 June 2025, no share option had been granted under the 2021 Share Option Scheme.

The Group has also adopted a share award scheme (the “**Share Award Scheme**”) on 10 December 2021 to recognise the contributions by any employees (including without limitation any director) of any member of the Group, who the administration committee of the Board considers, in their absolute discretion, to have contributed or will contribute to the Group, and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. During the six months ended 30 June 2025, no awarded shares were granted, vested, cancelled or lapsed under the Share Award Scheme.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its corporate governance code of practices. In the opinion of the Board, the Company had complied with all the code provisions as set out in the CG Code throughout the six months ended 30 June 2025.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as the code for dealing in securities of the Company by the Directors during the six months ended 30 June 2025. The Board confirms that, having made specific enquiries with each of the Directors, all Directors have complied with the required standards of the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF THE INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) was established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2025. The Audit Committee has reviewed with the management of the Company and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risks management and financial reporting matters of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu. Mr. Cheung Ka Fai serves as the chairman of the Audit Committee.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.zallcn.com>. The interim report for the six months ended 30 June 2025 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the shareholders of the Company in due course.

By order of the Board
Zall Smart Commerce Group Ltd.
Yan Zhi
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises eight members, of which Mr. Yan Zhi, Dr. Gang Yu, Mr. Qi Zhiping, Mr. Yu Wei and Ms. Fan Xiaolan are executive Directors; and Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive Directors.