

INTERIM REPORT 2025

HC GROUP INC.
Stock code : 02280

MESSAGE FROM THE CHAIRMAN

The board (the “Board”) of directors (the “Directors”) of HC Group Inc. (the “Company”) announces the unaudited financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Period”).

Financial Highlights

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue		
– continuing operations	6,012,968	5,904,709
– discontinued operation	—	11,740
Adjusted net profit/(loss)*	19,155	(720)
Adjusted EBITDA*	28,243	10,708
Loss attributable to equity holders		
– continuing operations	(22,728)	(55,298)
– discontinued operation	—	(7,899)
Diluted loss per share (RMB)		
– continuing operations	(0.0174)	(0.0422)
– discontinued operation	—	(0.0060)

Key financial figures for the Period

- **Total revenue** from continuing operations was approximately **RMB6,013.0 million**, increased by approximately RMB108.3 million, or approximately 1.8%, when compared to approximately RMB5,904.7 million recorded for the first half of 2024.
- **Adjusted profit*** was approximately **RMB19.2 million**, compared to an adjusted Loss of approximately RMB0.7 million in the first half of 2024.
- **Adjusted EBITDA*** was approximately **RMB28.2 million**, compared to approximately RMB10.7 million in the first half year of 2024.
- **Loss attributable to equity holders of the Company from continuing operations** was approximately RMB22.7 million, compared to approximately RMB55.3 million for the first half of 2024.
- **Diluted loss per share from continuing operations** was RMB0.0174, when compared to RMB0.0422 for the first half of 2024, on a period-on-period basis.

* Adjusted profit/(loss) and adjusted EBITDA are non-HKFRS financial measures. For details, please refer to page 60 in this report.

FINANCIAL REVIEW

Revenue	Technology-driven new retail RMB'000	Smart industries RMB'000	Subtotal RMB'000	Discontinued operations RMB'000	Total RMB'000
First half of 2025	163,524	5,849,444	6,012,968	–	6,012,968
First half of 2024	125,594	5,779,115	5,904,709	11,740	5,916,449
Variance	30.2%	1.2%	1.8%	-100.0%	1.6%

During the Period, the Group generated a total revenue of approximately RMB6,013.0 million (first half of 2024: RMB5,916.4 million), representing an increase of approximately 1.6% as compared to that in the corresponding period in 2024. The revenue remained stable when compared to the corresponding period in 2024, with stable downstream demand and government subsidy policies during the Period.

During the Period, operating expenses increased from approximately RMB207.8 million in the first half of 2024 to approximately RMB210.4 million, which was mainly due to the increased marketing expense and staff cost.

Loss attributable to equity holders of the Company was approximately RMB22.7 million for the Period (first half of 2024: RMB63.2 million, which included a loss from discontinued operations of RMB7.9 million due to the disposal the finance services business in February 2024). The loss during the Period was mainly attributable to the share of post-tax losses of associates of approximately RMB21.1 million (first half of 2024: RMB34.1 million).

BUSINESS REVIEW

The Group aims to become a leading industrial internet group in China. With this vision in mind, the Group strives to integrate AI-enabled industries and big data analysis, leveraging internet tools and capabilities to enhance the level of industrial digitalization. The revenue of the Group is primarily derived from three industrial internet units serving vertical industries, namely ZOL, PanPass, and Union Cotton.

Technology-Driven New Retail Segment

ZOL

ZOL and its subsidiaries, leveraging on their ZOL website (zol.com.cn, “ZOL”) platform operated in Chinese Mainland, are dedicated to providing precise online advertising and marketing solutions for 3C digital products, thereby achieving profitability. With the widespread adoption of AI large models on mobile devices, 3C digital users have increasingly limited access to key information. Under the constraints of big data algorithmic bias and information silos, users can only receive content related to their recent interests, leading to neglect of professional media content and posing unprecedented challenges to ZOL’s business development.

Although the widespread adoption of AI big models on mobile devices has had a significant impact, ZOL has actively responded and taken measures:

- By analysing user behavior trends, ZOL has updated and iterated the ZOL APP, shifting user interaction from “text-based communication” to “immersive scenario co-creation.” This has significantly optimized and enhanced automotive self-driving scenario tools, created a roadbook sharing and discussion platform, and established the first real-time sharing and discussion community for self-driving travel routes, precisely targeting the automotive self-driving audience. Based on the above, ZOL has also enhanced the content related to the automotive product line, improved the information in the automotive product database, and added a new function for dealer quotations, thereby establishing a direct communication platform for users, dealers, and brands.
- Increasing its solid customer base. Through its commitment to platform innovation and creative transformation, ZOL has seen a steady increase in its core customer base, with high customer retention rates among major customers and a significant number of core customers providing long-term support. In the large-scale commercial projects initiated by ZOL, there are often more than 20 customers deeply involved. Through one-on-one personalized services, ZOL identifies customer needs, providing high-quality services, and earning long-term trust from its customers.
- Creative marketing is becoming more youthful, and industry events are becoming more professional. ZOL is expanding into new business areas, collaborating with BilibiliWorld and ChinaJoy to create a comprehensive commercial event that seamlessly blends anime/manga culture and technology. This initiative helps brands precisely target anime/manga and gaming communities, innovate marketing collaboration models, and make 3C digital products more appealing to younger audiences. Additionally, through the renewed cooperation with the Ratings Points (瑞物評測室), ZOL has organized the “2nd Health Display Conference” (《第二屆健康顯示大會》), an industry conference that enhances its influence within the home appliance display sector.

In the first half of 2025, Huimaimai platform business deepened its dual-drive strategy of “Huimaimai + Huixiaodian”. By accelerating the regionalization of the supply chain, promoting the digital empowerment of Huixiaodian, and accurately connecting with the benefits of the national “trade-in” policy, ZOL accelerated the implementation of Huixiaodian retail strategy and effectively consolidated its dominant position in the lower-tier market. Concurrently, ZOL deepened the integration of tiered membership operations with localized services and leveraged intelligent systems to continuously optimize operational efficiency, driving sustained growth in platform’s GMV. Additionally, it proactively laid the groundwork for cross-border expansion pilot programs and deepened ESG initiatives, establishing a carbon credit system for old device recycling, strengthening its green supply chain credentials to fuel future growth and continuously creating value for shareholders.

Smart Industries Segment

PanPass

Beijing PanPass Information Technology Co., Ltd. (“PanPass”) (NEEQ stock code: 430073) is committed to becoming a leading provider of product digital identity technology and solution services in China. PanPass focuses on the research and development of product digital identity management technology, and provides IoT identification products, SaaS software products and industry digital solutions based on this technology. Based on the “unique identification code (ID)” (commonly known as “one product, one code” in the industry) of products, it enables brand enterprises to achieve digital transformation, which is a closed-loop and converging whole cycle, chains and scenarios from M (materials), F (manufacturing), W (warehouse), B (distributor), b (store) to C (consumer). This has improved the operational efficiency of enterprises and promoted the renewal and iteration of the business model.

PanPass’s business scope has evolved from brand protection and quality traceability solutions to providing digital management services featuring full industry chain traceability, agile supply chain, precise channel control, digital marketing, big data anti-counterfeiting, data insights, and decision-making by using “barcode, QR code, RFID” and other tags as carriers and integrating IoT, big data, cloud computing, AI, blockchain, and other cutting-edge technologies, facilitating enterprises in achieving full chain digitalisation, industrial transformation and upgrading, and business model innovation. In terms of business, adhering to a dual-driven development strategy of “platform R&D + project practice” and consistently upholding a platform-based development approach, PanPass has successfully created a variety of typical industry solutions and application products through continuous efforts in building its general technical platform capabilities, providing strong support for the digital transformation of customer enterprises. Specifically, its business involves “food and beverage, pet supplies, cosmetics, agricultural materials, book publishing, energy auto parts, medicine and healthcare, 3C electronics, maternal and child products, industrial products” and other industries, with rich and high-quality customer resources. PanPass attaches great importance to research and development, technology and products, by constantly increasing investment, and actively promoting scientific and technological innovation to enhance its core competitiveness. During the Period, PanPass obtained 2 utility model patents and 11 software copyrights.

Union Cotton

棉聯雲科技集團有限公司 and its group member (“Union Cotton”) is committed to constructing a “leading global digital supply chain services platform for the textile industry” with Internet and AI technologies, IoT application concepts, and big data algorithms. With digitalization as its core, Union Cotton can provide both upstream and downstream customers in the industrial chain with one-stop supply chain management and supporting services such as trading, settlement, storage, logistics, textile supply chain e-assistant, and industrial internet technology, with a view to improving the synergy of the cotton textile industry and facilitating the digital transformation of textile manufacturing.

In the first half of 2025, Union Cotton focused on digital collaboration and efficiency improvement, and continued to promote cost reduction and efficiency improvement. Due to intensified tariff wars driven by international politics and macroeconomics, the export costs of raw materials (cotton) and finished products (textiles) have risen, and the price difference between Xinjiang cotton and mainland cotton has widened. Affected by the lower level of cotton futures, the cost performance of cotton has improved, and the downstream procurement has rebounded after March 2025. However, the low price in the first half of the year has been weak, and the price has returned to the normal range in July 2025 driven by policy regulation. Industry competition and profit pressure have led to market transparency and involution, and price transparency has squeezed on industry profit margins, which gave rise to slow commission income growth of suppliers and rising transaction costs. Downstream demand was weak: textile enterprises have been operating under capacity; mainland textile factories have generally made a loss, and the profits of Xinjiang textile factories have been thin, all forcing the industry to accelerate integration and digital transformation.

Facing the continuous turbulent international political environment, fierce market competition and extremely transparent market prices, Union Cotton has been actively coping the intensifying industry involution. By deepening cost control and adjusting market strategy, Union Cotton achieved overall profitability in the first half of the year.

Shanghai Huijing E-business Co., Limited is the Group’s wholly-owned cross-sector supply chain integrated services platform, which provides comprehensive supply chain integrated services by leveraging on the Group’s years of experience in various industry segments and penetrating into various segments of the supply chain.

Prospects

The Group continues to review its development strategies and make timely adjustments to its business, operating and cost structure, so as to focus its resources on more promising areas and achieve sustainable development of its business as well as shareholder’s value and returns. Of which, the Group prioritize core business components, including ZOL, PanPass and Union Cotton. At the same time, the Group devotes to achieve a balance over costs and risks associated with its operations, and to reduce indebtedness level in the short to medium term.

To optimize the Group's competitiveness in mid-to-long-term to better seize opportunities and create shareholders' value in face of challenges, the Group has been giving special focus on the opportunities for industrial upgrading driven by AI technology, and is reconstructing its traditional business models through AI technology to continuously optimize resource allocation. Such practices include: ZOL leverages corpus aggregation and intelligent recommendation algorithms to improve the efficiency of content production and distribution, as well as the accuracy and matching of user profiles. PanPass integrates blockchain technology with AI-based anti-counterfeiting identification to build an industry leading intelligent traceability platform. Union Cotton optimizes the supply chain forecasting models through machine learning to improve the inventory turnover rates.

On behalf of the Board, I would like to thank our management and staff for their dedication and hard work.

Liu Jun

Chairman and Chief Executive Officer

Hong Kong, 22 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 June 2025, the Group had cash and bank balance of approximately RMB312.9 million (31 December 2024: RMB279.0 million), which were mainly denominated in Renminbi ("RMB"), and net current assets of approximately RMB368.1 million (31 December 2024: RMB357.2 million). The Group maintained a stable working capital position during the Period.

As at 30 June 2025, the Group had a total borrowings of approximately RMB523.2 million (as at 31 December 2024: RMB437.4 million), of which approximately (i) RMB230.5 million (31 December 2024: RMB175.8 million) were bank borrowings; and (ii) RMB292.7 million (31 December 2024: RMB261.6 million) were other borrowings. The Group's borrowings were all denominated in RMB. The bank borrowings bear average interest rate of 3.14% per annum (31 December 2024: 3.57% per annum), with maturity ranging from 2025 to 2026.

Other borrowings with a principal amount of RMB230,000,000 provided by an independent third party which was secured by certain equity interest of a subsidiary of the Group and guaranteed by the Company and a subsidiary of the Group (31 December 2024: Same), which has been matured on 31 December 2024 and became repayable on demand. The Group is negotiating with counterparty on renewal of this other borrowing. The remaining other borrowings are provided by independent third parties, director of a subsidiary, a key management personal and bear interest rate ranging from 2.60% to 8.00% per annum (31 December 2024: 3.00% to 8.00% per annum). As at 30 June 2025, the Group's gearing ratio was approximately 22% (31 December 2024: 18%), which is calculated as net debt divided by total capital.

The capital and reserves attributable to equity holders of the Company decreased by approximately RMB30.2 million from approximately RMB260.4 million as at 31 December 2024 to approximately RMB230.2 million as at 30 June 2025.

With prudent liquidity risk management, the Group is confident in having sufficient cash and cash equivalents and keeping the adequacy and flexibility of working capital through internal generated funds, managing the turnover days of and the level of working capital used in prepayment for procuring inventories and renewal and availability of borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

Treasury policy

To manage liquidity risk, the Company closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. During the Period, the Group had conservative treasury policies in terms of cash and financial management. The Group did not use any financial instruments for hedging purposes during the Period.

Significant investments and future plans for material investments

The Group did not hold any significant investments and did not conduct any material acquisitions and disposal of subsidiaries, associates or joint ventures (other than those disclosed in this report) during the Period.

Save as disclosed in this report, the Group had no future plans for material investments which have been authorised by the Board as of the end of the Period and the date of this report.

Staff

The Group relies on the skills, motivation and commitment of its staff. As at 30 June 2025, the Group had 654 employees.

Remuneration of employees is generally in line with the market trend and commensurate with the rate in the industry. The Group also provides incentives through bonuses and share incentives under the Company's share schemes based on individual performance. Other benefits to the Group's employees include medical insurance, retirement schemes, training programs and educational subsidies. Total staff costs including Director's emoluments from continuing operations for the Period amounted to approximately RMB86.9 million.

Capital structure

The total number of issued ordinary shares ("Shares") of the Company was 1,309,931,119 as at 30 June 2025.

As of 30 June 2025, 52,390,666 options granted under the share option schemes (if exercised, 52,390,666 Shares may be issued) remained outstanding.

Charges on Group assets

As at 30 June 2025, the Group's bank borrowings amounting to RMB9.0 million were guaranteed by a subsidiary of the Group and secured by a property held by the Group (31 December 2024: RMB17.0 million).

Bank borrowings of RMB10.0 million were guaranteed by certain independent third party of the Group and secured by an executive Director as of 30 June 2025 (31 December 2024: same).

As at 30 June 2025 and 31 December 2024, other borrowings with a total principal amount of RMB230.0 million were provided by an independent third party, which matured on 31 December 2024 and were classified as repayable on demand. Such other borrowings are interest free, secured by certain equity interest of a subsidiary of the Group and guaranteed by the Company and a subsidiary of the Group.

Exchange risk

The Group's operations are principally in the Chinese Mainland, and majority of the Group's assets and liabilities are denominated in RMB. The Company believes that the Group's current operations are not subject to significant exchange risk.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (first half of 2024: Nil) after considering the Company's dividend policy and the Group's operating results for the Period.

OTHER IMPORTANT EVENTS

PanPass' withdrawal of its listing application

During the Period, PanPass resolved to terminate its original proposed public offering of shares and listing application on the Beijing Stock Exchange after having considered various factors including its overall development strategy and the macro environment of capital market in Chinese Mainland. Such move is not expected to create material adverse impact on PanPass's ordinary business operation. See also the Company's announcements dated 26 May 2025 and 23 June 2025.

Disposal of Tianjin Guokai

As disclosed in the Company's prior annual reports, the Group filed an arbitration claim in 2023 after the Group's disposal of equity interests in Tianjin Guokai Ruitou Education Technology Co., Ltd, as the purchaser failed to pay the final instalment of the acquisition price. The Group is in the process of enforcing the arbitral award against the purchaser for the remaining acquisition price.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Unaudited six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	6	6,012,968	5,904,709
Cost of revenue	7	(5,786,678)	(5,712,051)
		226,290	192,658
Other income		3,229	14,384
Other losses, net		–	(3,320)
Selling and marketing expenses	7	(137,620)	(119,097)
Administrative expenses	7	(72,744)	(88,665)
Provision for impairment losses of financial assets	7	(4,664)	(9,515)
Operating profit/(loss)		14,491	(13,555)
Finance cost, net	8	(3,718)	(1,376)
Share of post-tax losses of associates	16	(21,059)	(34,072)
Loss before income tax	7	(10,286)	(49,003)
Income tax expense	9	(2,991)	(346)
Loss from continuing operations		(13,277)	(49,349)
Loss from discontinued operations	10	–	(15,086)
Loss for the period		(13,277)	(64,435)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss			
Currency translation differences		30	596
Items that will not be reclassified to profit or loss			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income			
– Group		1,147	(1,743)
Currency translation differences for financial assets at fair value through other comprehensive income		(143)	141
Total comprehensive loss for the period, net of tax		(12,243)	(65,441)

		Unaudited six months ended 30 June	
Notes		2025 RMB'000	2024 RMB'000
Loss for the period attributable to:			
Equity holders of the Company		(22,728)	(63,197)
Non-controlling interests		9,451	(1,238)
		(13,277)	(64,435)
Loss for the period attributable to the equity holders of the Company arises from:			
Continuing operations		(22,728)	(55,298)
Discontinued operation		–	(7,899)
		(22,728)	(63,197)
Total comprehensive loss attributable to:			
Equity holders of the Company		(21,694)	(64,203)
Non-controlling interests		9,451	(1,238)
		(12,243)	(65,441)
Total comprehensive loss attributable to equity holders of the Company arises from:			
Continuing operations		(21,694)	(56,304)
Discontinued operation		–	(7,899)
		(21,694)	(64,203)
Loss per share for loss from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
Basic loss per share	11	(0.0174)	(0.0442)
Diluted loss per share	11	(0.0174)	(0.0442)
Loss per share from loss attributable to the equity holders of the Company (expressed in RMB per share)			
Basic loss per share	11	(0.0174)	(0.0482)
Diluted loss per share	11	(0.0174)	(0.0482)

The above unaudited condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	20,195	19,795
Right-of-use assets		11,349	14,285
Investment property	13	21,942	22,523
Intangible assets	13	93,918	98,129
Deferred income tax assets		1,675	1,506
Investments accounted for using equity method	16	32,084	149,864
Financial assets at fair value through other comprehensive income	19	106,913	15,176
Long term deposits and prepayments	14	11,055	10,005
Total non-current assets		299,131	331,283
Current assets			
Inventories		102,096	115,622
Contract assets		4,878	1,678
Trade receivables	14	173,586	127,510
Deposits, prepayments and other receivables	14	824,847	793,957
Loans and interest receivables		2,249	2,194
Restricted bank deposit	15	252,699	224,499
Cash and cash equivalents		312,910	279,037
Total current assets		1,673,265	1,544,497
Total assets		1,972,396	1,875,780
Equity			
Equity attributable to equity holders of the Company			
Share capital	23	120,977	120,977
Other reserves		3,275,053	3,271,388
Accumulated losses		(3,165,854)	(3,131,944)
Non-controlling interests		230,176	260,421
Total equity		563,617	585,741

	Notes	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		5,920	8,737
Deferred income tax liabilities		1,647	1,602
Other financial liabilities	18	96,018	92,423
Total non-current liabilities		103,585	102,762
Current liabilities			
Trade payables and bill payables	21	263,267	276,178
Accrued expenses and other payables	21	124,907	120,849
Contract liabilities	20	278,262	241,416
Bank borrowings	22	230,517	175,848
Other borrowings	22	292,737	261,632
Lease liabilities		6,182	6,675
Income tax payables		18,550	18,863
Other financial liabilities	18	90,772	85,816
Total current liabilities		1,305,194	1,187,277
Total liabilities		1,408,779	1,290,039
Total equity and liabilities		1,972,396	1,875,780

The above unaudited condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to equity holders of the Company					Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2025	120,977	3,271,388	(3,131,944)	260,421	325,320	585,741
Loss for the period	-	-	(22,728)	(22,728)	9,451	(13,277)
Other comprehensive (losses)/ income:						
Fair value gain on financial assets at fair value through other comprehensive income, net of deferred tax	-	1,147	-	1,147	-	1,147
Currency translation differences	-	(113)	-	(113)	-	(113)
Total comprehensive loss	-	1,034	(22,728)	(21,694)	9,451	(12,243)
Disposal of financial assets at fair value through other comprehensive income	-	11,182	(11,182)	-	-	-
Changes in other financial liabilities in respect of non-controlling interests	-	(8,551)	-	(8,551)	-	(8,551)
Transactions with owners						
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	(1,330)	(1,330)
Balance at 30 June 2025	120,977	3,275,053	(3,165,854)	230,176	333,441	563,617

	Attributable to equity holders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	120,977	3,147,855	(2,708,422)	560,410	624,866	1,185,276
Loss for the period	–	–	(63,197)	(63,197)	(1,238)	(64,435)
Other comprehensive (losses)/ income:						
Fair value loss on financial assets at fair value through other comprehensive income, net of deferred tax	–	(1,743)	–	(1,743)	–	(1,743)
Currency translation differences	–	737	–	737	–	737
Total comprehensive loss	–	(1,006)	(63,197)	(64,203)	(1,238)	(65,441)
Changes in other financial liabilities in respect of non- controlling interests	–	(7,218)	–	(7,218)	–	(7,218)
Transactions with owners						
Non-controlling interest on disposal of subsidiary	–	133,220	(133,220)	–	(319,725)	(319,725)
Balance at 30 June 2024	120,977	3,272,851	(2,904,839)	488,989	303,903	792,892

The above unaudited condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Cash used in operations	(44,994)	(50,814)
Interest received	3,882	4,927
Interest paid	(8,251)	(11,065)
The People's Republic of China income tax paid	(3,733)	(3,161)
Net cash used in operating activities	(53,096)	(60,113)
Cash flows from investing activities		
Net proceeds from disposal of other subsidiary	–	106
Additions of property, plant and equipment	(1,213)	(778)
Purchase of financial assets at fair value through profit and loss	–	(20,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,293	1,545
Proceeds from disposal of Huicong Hulian Group, net of cash disposed	–	(10,391)
Dividends received	621	630
Net cash generated from/(used in) investing activities	5,701	(28,888)
Cash flows from financing activities		
Proceeds from bank borrowings	154,681	122,350
Proceeds from other borrowings	389,910	165,473
Repayment of bank borrowings	(99,088)	(111,931)
Repayment of other borrowings	(358,810)	(134,798)
Principal elements of lease payments	(4,125)	(4,393)
Dividend paid to non-controlling interests of subsidiaries	(1,330)	–
Change in restricted bank deposit	–	(84,561)
Net cash generated from/(used in) financing activities	81,238	(47,860)
Net increase/(decrease) in cash and cash equivalents	33,843	(136,861)
Cash and cash equivalents at beginning of the period	279,037	365,682
Exchange gain on cash and cash equivalents	30	619
Cash and cash equivalents at end of the period	312,910	229,440

The above unaudited condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

HC Group Inc. (the “Company”) is a company incorporated in the Cayman Islands with limited liability. The address of its registered office is 4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, KY1-1103, Cayman Islands. The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the following activities in the People’s Republic of China (“PRC”):

- Trading of goods through its B2B trading platforms, including “www.unioncotton.com” (“Union Cotton”);
- Provision of advertising and online services and offering comprehensive IT-related products information through its website “www.zol.com.cn” (“ZOL”);
- Sales and provision of anti-counterfeiting products and digital identity technology and solution services through Panpass; and
- Hosting marketing events, exhibitions and seminars.

Note:

On 28 November 2023, the Group announced that it agreed to sell its equity interests in Beijing Huicong Hulian Information Technology Co., Ltd. (北京慧聰互聯信息技術有限公司) (“Huicong Hulian”), its 100% owned subsidiary mainly operated in financial related business and held the Group’s investment in commercial bank and financial sector in the Chinese Mainland, to an independent third party. The transaction was completed on 27 February 2024 (“Completion Date”) and Huicong Hulian ceased to be a subsidiary of the Group thereafter.

Following the completion of the transaction, the Group’s equity interest in Chongqing Digital China Huicong Micro-credit Co., Ltd. (“Chongqing Micro-credit”) decreased from 70% to 40%, and the Group no longer controlled Chongqing Micro-credit but continued to exercise significant influence over Chongqing Micro-credit. As a result, with effect from the Completion Date, Chongqing Micro-credit ceased to be a subsidiary and has then been accounted for as investment in associates in the condensed consolidated financial statements using the equity method of accounting. For details, please refer to Note 17.

In accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 5, “Non-current assets held for sale and discontinued operations”, the financial results of Huicong Hulian and the related impairment expenses for the period ended 27 February 2024 and six months ended 30 June 2024 were classified as discontinued operation in the Group’s condensed consolidated interim financial information.

The condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

The condensed consolidated interim financial information was approved for issue on 22 August 2025.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial information. Accordingly, this report is to be read in conjunction with the annual consolidated financial information for the year ended 31 December 2024 and any public announcements made by the Group during the interim reporting period.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Income tax expense for interim period is recognised based on management's estimate of the weighted average effective annual income tax rates expected for the full financial year.

(a) *New and Amended standards adopted by the Group*

A number of new and amended standards became applicable for the current reporting period:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The amended standards listed above did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future period.

(b) Amended standards, interpretation and guideline issued but not yet effective

Certain amended standards, interpretation and guideline have been published that are not mandatory for the financial year beginning on 1 January 2025 and have not been early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁽¹⁾
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ⁽¹⁾
HKFRS 9, HKFRS 7	Amendments to Contracts Reference Nature-dependent Electricity ⁽¹⁾
HKFRS 18	Presentation and Disclosure in Financial Statements ⁽³⁾
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁽²⁾
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2026

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2027

⁽³⁾ Effective date to be determined

4 Estimates and judgement

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

There are no changes in the financial risk management policies since 31 December 2024.

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no changes in the capital risk management policies since 31 December 2024.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2025 and 31 December 2024 by level of inputs to valuation techniques used to measure the fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities carried at fair value as at 30 June 2025 and 31 December 2024:

At 30 June 2025 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	9,811	–	97,102	106,913

At 31 December 2024 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	15,176	–	–	15,176

There were no transfers between Level 1, 2 and 3 for recurring fair value measurement during the period.

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices as at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, price services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) *Financial instruments in level 3*

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

The Group's finance department includes a team that reviews, performs and at the end of the reporting period, finance department:

- verifies all major inputs to the independent valuation reports,
- assesses valuations movements when compared to the prior year valuation report, and
- holds discussion with the independent valuers.

6 Segment information

The chief operating decision-maker (“CODM”) has been identified as the Executive Directors. The Executive Directors review the Group’s internal report in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Historically, the Group present the financial result of its e-business platform, hc360.com, and its financial services business as “Platform and corporate services segment”.

In 2022, the Group decided to suspend the operation of hc360.com and gradually close down its related entity. On 28 November 2023, the Group announced that it agreed to sell its equity interests in Huicong Hulian and its subsidiaries (“Huicong Hulian Group”), to an independent third party. Huicong Hulian Group mainly operated in financial related business and held the Group’s investment in commercial bank and financial sector in the Chinese Mainland. The above disposals and cessation of business were completed on 27 February 2024.

The finance lease business under “Platform and corporate services segment” was gradually close down in 2024 after the Group collected remaining balance of loans to customers of financing business, which does not represent a major line of business.

In accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the financial result of Huicong Hulian and the relevant impairment expenses for the period ended 27 February 2024 was classified as discontinued operations in the Group’s condensed consolidated financial statements.

Financial information relating to the discontinued operations is set out in Note 10.

As at 30 June 2025, the Group is organised into the following business segments:

- (i) Technology-driven new retail segment, which mainly includes provision of online advertising services through ZOL as well as trading business of electronics products through its trading platform.
- (ii) Smart industries segment, which mainly includes B2B trading through Union Cotton, sale and provision of anti-counterfeiting products and digital identity technology and solution services under Panpass and other marketing services.

The table below shows the segment information of revenue and results, and there were no sales or other transactions between the business segments for the six months ended 30 June 2025 and 2024.

	Unaudited Six months ended 30 June 2025				
	Continuing operations		Discontinued operations		Total RMB'000
	Technology-driven new retail segment RMB'000	Smart industries segment RMB'000	Subtotal RMB'000	Platform and corporate services segment RMB'000	
Revenue	163,524	5,849,444	6,012,968	–	6,012,968
Cost of revenue	(28)	(5,786,650)	(5,786,678)	–	(5,786,678)
Segment results	9,782	1,480	11,262	–	11,262
Other income			3,229	–	3,229
Share of post-tax losses of associates			(21,059)	–	(21,059)
Finance income			3,882	–	3,882
Finance cost			(7,600)	–	(7,600)
Loss before income tax			(10,286)	–	(10,286)
Other information:					
Depreciation and amortisation	1,746	7,342	9,088	–	9,088
Provision for impairment on financial assets	410	4,254	4,664	–	4,664

Unaudited Six months ended 30 June 2024					
	Continuing operations		Subtotal	Discontinued operations	Total
	Technology-driven new retail segment	Smart industries segment		Platform and corporate services segment	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	125,594	5,779,115	5,904,709	–	5,904,709
Interest income from financing services	–	–	–	11,740	11,740
Total revenue and income	125,594	5,779,115	5,904,709	11,740	5,916,449
Cost of revenue	(29)	(5,712,023)	(5,712,052)	–	(5,712,052)
Segment results	(9,654)	(14,965)	(24,619)	(13,968)	(38,587)
Other income			14,384	–	14,384
Other gains, net			(3,320)	3,853	533
Share of post-tax losses of associates			(34,072)	–	(34,072)
Finance income			5,174	–	5,174
Finance cost			(6,550)	(4,971)	(11,521)
Loss before income tax			(49,003)	(15,086)	(64,089)
Other information:					
Depreciation and amortisation	2,835	8,593	11,428	82	11,510
Provision for impairment on financial assets	582	8,933	9,515	31,592	41,107

Disaggregation of revenue

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
– At a point in time	5,918,866	5,781,074
– Overtime	94,102	123,635
	6,012,968	5,904,709

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from contract with customers:		
Sales of goods through B2B trading platforms	5,855,932	5,740,329
Advertising and marketing services	67,315	86,140
Sales of anti-counterfeiting products	24,339	33,182
Digital identity technology and solution services	36,453	36,090
Marketing events, exhibition, seminars	28,240	7,564
Others	689	1,404
Total revenue and income	6,012,968	5,904,709

7 Loss before income tax from continuing operations

The loss before income tax from continuing operations is arrived at after charging/(crediting):

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Cost of goods sold of B2B trading platforms	5,758,959	5,680,290
Cost of goods sold for anti-counterfeiting products	18,141	16,072
Cost of revenue for digital identity technology and solution services	9,230	14,989
Cost of goods sold for online service and advertisement	–	296
Cost of goods sold for marketing events, exhibition, seminars and other services	348	404
Legal and professional fee	10,519	6,538
Amortisation of investment properties (<i>note 13</i>)	581	581
Amortisation of intangible assets (<i>note 13</i>)	4,211	5,857
Depreciation of property, plant and equipment (<i>note 13</i>)	813	735
Depreciation of right-of-use assets	3,483	4,255
Employee benefits expenses, including directors' emoluments	86,851	80,296
Marketing and consultancy expenses	74,326	60,259
Reversal of impairment of trade receivables (<i>note 14</i>)	136	436
Provision for impairment of other financial assets	4,528	9,079
Staff commission	1,475	5,113
Transportation expense	3,052	3,628
Short term leases expense	1,566	877

8 Finance cost, net

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest expense:		
– Bank borrowings	(3,156)	(2,813)
– Other borrowings	(3,073)	(2,272)
– Lease liabilities	(268)	(192)
– Others	(1,103)	(1,273)
Finance cost	(7,600)	(6,550)
Finance income	3,882	5,174
Finance cost, net	(3,718)	(1,376)

9 Income tax expense

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current income tax expense		
– The PRC corporate income tax expense ("CIT") (note ii)	3,420	392
Deferred income tax credit		
– The PRC corporate income tax credit	(429)	(46)
Income tax expense	2,991	346
Income tax expense is attributable to:		
– Loss from continuing operations	2,991	346
– Loss from discontinued operations	–	–
	2,991	346

Notes:

- (i) No Hong Kong profits tax has been provided as there is no assessable profits arising in Hong Kong for the six months ended 30 June 2025 (30 June 2024: Nil).
- (ii) PRC CIT represents taxation charged on assessable profits for the period at the rates of taxation prevailing in the cities in the PRC in which the Group operates.

The tax rate applicable to the subsidiaries in the PRC is 25%, except for certain subsidiaries of the Group in the PRC which were approved as High and New Technology Enterprises and were subject to a reduced preferential CIT rate of 15% for a 3-year period. Moreover, certain subsidiaries of the Group were subjected to a reduced Preferential CIT rate ranging from 5% to 10% for Small Low-profit Enterprises.

10 Loss from discontinued operations

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Huicong Hulian Disposal Group (note)	—	(19,859)
Others	—	4,773
	—	(15,086)

Note:

On 28 November 2023, the Group entered into the conditional disposal agreement (the “Agreement”) to dispose 100% equity interest in Huicong Hulian for a cash consideration of RMB5,000,000. Huicong Hulian, its subsidiaries, associate and directly owned investment (together, the “Huicong Hulian Disposal Group”) was included in the platform and corporate services segment, mainly operated financial related businesses and held the Group’s investment in commercial bank and financial sector.

The financial results and related gain/loss on disposal of Huicong Hulian Group are reported as a discontinued operation in the condensed consolidated statement of comprehensive income.

(i) *Financial performance and cash flow information*

The financial performance and cash flow information of Huicong Hulian Disposal Group for the period from 1 January 2024 and ended 27 February 2024 is as follows:

	Period ended 27 February 2024 RMB'000
Interest income from financing services	11,740
Income	913
Net provision for impairment losses on financial assets	(32,512)
Loss before income tax	(19,859)
Income tax expenses	—
Loss after income tax from discontinued operations	(19,859)
Loss on disposal of Huicong Hulian Group	(22,310)
Loss from discontinued operations	(42,169)
Net cash used in operating activities	(3,457)
Net cash used in financing activities	(4,969)
Total net cash outflow	(8,426)

11 Loss per share

(a) *Basic loss per share*

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited six months ended 30 June	
	2025	2024
Loss attributable to equity holders of the Company (in RMB'000)		
– From continuing operations	(22,728)	(55,298)
– From discontinued operations	–	(7,899)
	(22,728)	(63,197)
Weighted average number of shares outstanding (thousands)	1,309,931	1,309,931
Basic loss per share		
– From continuing operations (in RMB)	(0.0174)	(0.0422)
– From discontinued operations (in RMB)	–	(0.0060)
Total basic loss per share (in RMB)	(0.0174)	(0.0482)

(b) *Diluted loss per share*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had one category of dilutive potential ordinary shares that is share options.

During the six months ended 30 June 2025, all of these share options had no dilutive effect to the Company and therefore, diluted loss per share equaled basic loss per share (30 June 2024: same).

12 Dividends

No dividend was paid or declared by the Company during the six months ended 30 June 2025 (30 June 2024: Nil).

13 Property, plant and equipment, investment property, intangible assets and goodwill

	Property, plant and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000	Goodwill RMB'000
Opening net book amount as at 1 January 2025	19,795	22,523	26,271	71,858
Additions	1,213	–	–	–
Depreciation and amortisation – From continuing operations	(813)	(581)	(4,211)	–
Closing net book amount as at 30 June 2025	20,195	21,942	22,060	71,858
At 30 June 2025				
Cost	36,201	35,113	616,676	1,506,825
Accumulated depreciation and impairment	(16,006)	(13,171)	(594,616)	(1,434,967)
Net book amount	20,195	21,942	22,060	71,858
	Property, plant and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000	Goodwill RMB'000
Opening net book amount as at 1 January 2024	20,045	23,685	19,664	71,858
Additions	778	–	13,138	–
Depreciation and amortisation – From continuing operations	(735)	(581)	(5,857)	–
Closing net book amount as at 30 June 2024	20,088	23,104	26,945	71,858
At 30 June 2024				
Cost	40,727	35,113	624,956	1,506,825
Accumulated depreciation and impairment	(20,639)	(12,009)	(598,011)	(1,434,967)
Net book amount	20,088	23,104	26,945	71,858

Impairment test for goodwill and other intangible assets

Managements monitors and reviews the business performance at the operating segment level. Goodwill and other intangible assets are allocated to the following cash generating units ("CGUs").

	Unaudited 30 June 2025		Audited 31 December 2024	
	Goodwill RMB'000	Other intangible assets RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Smart Industries segment				
Anti-counterfeiting products and services	50,314	7,574	50,314	8,179
Trading services – cotton industry	21,544	14,089	21,544	17,544
Other intangible assets	–	397	–	548
	71,858	22,060	71,858	26,271

The recoverable amounts of the CGUs are determined by value-in-use calculations based on cash flow projections approved by management covering a five-year period. Thereafter, the cash flows are extrapolated using the estimated terminal growth rates. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions, and they have not identified any instances that could cause the carrying amount of these CGUs to exceed its recoverable amount.

14 Trade receivables, deposits, prepayments and other receivables

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade receivables (<i>note a</i>)	190,546	144,334
Less: provision for impairment of trade receivables	(16,960)	(16,824)
Trade receivables, net	173,586	127,510
Deposits, prepayments and other receivables (<i>note b</i>)	835,902	803,962
	1,009,488	931,472
Less: Non-current deposits and prepayments (<i>note b</i>)	(11,055)	(10,005)
Current portion	998,433	921,467

(a) Trade receivables

The Group generally grants a credit period ranging from 90 days to 180 days to customers depending on business segment. The aging analysis of the gross trade receivables based on invoice date is as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
0 to 90 days	132,014	95,714
91 to 180 days	17,289	18,879
181 to 270 days	24,387	11,115
271 to 365 days	2,920	2,853
Over 1 year	13,936	15,773
	190,546	144,334

Note:

Movements in the provision for impairment of trade receivables are as follows:

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At 1 January	16,824	15,782
Provision for impairment of trade receivables		
– From continuing operations	136	436
Write off for impaired trade receivables	–	(169)
At 30 June	16,960	16,049

The carrying amounts of trade receivables approximate their fair values.

Balances are denominated in RMB and there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers nationally dispersed.

(b) Deposits, prepayments and other receivables

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Non-current portion:		
– Deposits	1,936	1,936
– Prepayment for development of intangible asset	9,119	8,069
	11,055	10,005
Current portion:		
– Prepayments (note a)	727,716	676,199
– Deposits	38,625	57,269
– Other receivables (note b)	58,506	60,489
	824,847	793,957
	835,902	803,962
The fair values are as follows:		
– Deposits	40,561	59,205
– Other receivables	58,506	60,489
	99,067	119,694

Notes:

- (a) At 30 June 2025 and 31 December 2024, the amount mainly represented prepayment to suppliers for B2B trading platform business. In the Group's ordinary trading operations and in line with the general practices in the industry, the Group routinely prepays upstream suppliers for certain goods and products needed to fulfill orders from the Group's downstream customers. The prepayment to suppliers for B2B trading platforms business is expected to be utilised within the next reporting period.
- (b) As at 31 December 2024, the Group was engaged in an arbitration proceeding relating to the unreceived balance of RMB75,500,000 ("the Balance") arising from the disposal of the Group's equity interest in Tianjin Guokai to an independent third party ("the Buyer"). On 16 April 2025, the arbitration ruled that the Buyer should pay RMB66,808,000 for the outstanding balance, net of expenses and tax.

As at 30 June 2025, based on the arbitration judgment, the Group has recognised RMB52,697,000 as "Other Receivables", representing the outstanding balance of RMB66,808,000 due from the Buyer, net of liabilities of RMB12,569,000 (comprising the compensation payments and arbitration expenses borne by the Group) and RMB1,542,000 in fine for late payment.

15 Restricted bank deposit

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Restricted bank deposit (<i>note</i>)	252,699	224,499

Note:

Restricted bank deposit included bank balances pledged as security for bill payable of approximately RMB252,699,000 and they are denominated in Renminbi as at 30 June 2025 (31 December 2024: Restricted bank deposit included bank balances pledged as security for trade financing of approximately RMB224,499,000 and they are denominated in Renminbi).

16 Investments accounted for using equity method

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Associates	32,084	149,864

Movements in the investments in associates are as follows:

	Unaudited six months ended 30 June 2025 RMB'000	2024 RMB'000
At 1 January	149,864	262,705
Addition	–	56,042
Derecognition (<i>note i</i>)	(96,720)	–
Share of post-tax losses of associates	(21,060)	(34,072)
At 30 June	32,084	284,675

Set out below are the summarised financial information of the associates which, in the opinion of directors, are material to the Group and are accounted for using equity method. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of establishment or registration are also their principal places of business.

Name of entity	Place of business/ country of establishment	% of effective interest as at		Nature of the relationship	Measurement method	Carrying amount	
		30 June 2025	31 December 2024			Unaudited 30 June 2025	Audited 31 December 2024
Guangdong Zhongmo Cloud Digital Technology Co., Limited, formerly known as Guangdong Zhongmoyun Construction Science and Technology Co., Limited * ("Zhongmo Group") (廣東中模雲數字科技股份有限公司)	PRC	22.35	22.35	Associate (note i)	Equity method	-	99,504
Guangdong Home Electronic Appliances World E-Commerce Co., Ltd.* ("JDSJ Group") (廣東家電世界電子商務有限公司)	PRC	20	20	Associate (note ii)	Equity method	28,816	28,531
Chongqing Micro-credit (重慶小額貸款) (note 17)	PRC	40	40	Associate (note 17)	Equity method	3,268	21,829
						32,084	149,864

Note i The Group directly holds 22.35% equity interests in Zhongmo Group, which is engaged in construction and formwork industry in the PRC. On 14 April 2025, the Group's representative has resigned from the board of directors of Zhongmo Group and no longer has significant influence over it. The investment in Zhongmo Group was no longer accounted for as an investment in an associate and was then reclassified as a financial asset at fair value through other comprehensive income, as the Group's management decided to hold the investment in Zhongmo Group as a long-term strategic investment.

Note ii As at 30 June 2025, the Group holds 20.0% equity interest of JDSJ Group. JDSJ Group is engaged in the e-commerce for home appliances in the PRC through its websites and mobile applications.

* English names are translated for identification purpose only

17 Disposal of Huicong Hulian Disposal Group

On Completion Date, the Group completed the disposal transaction of Huicong Hulian Disposal Group. Huicong Hulian Disposal Group was included in the platform and corporate services segment for the year ended 31 December 2023. Huicong Hulian Disposal Group mainly operated financial related business and held the Group's investment in commercial bank and financial sector prior to the completion of such disposal.

The following is a list of subsidiaries, an associate and a directly owned investment of the Huicong Hulian as at 31 December 2023 and Completion Date:

Name	Principal business	Equity interests, directly or indirectly, held by Huicong Hulian
Tianjin Huicong Leasing Co. Ltd. ("Tianjin Leasing")	Engaged in the finance lease business in the PRC	100%
Chongqing Micro-credit (Note)	Engaged in the provision of loan service in the PRC	30%
Inner Mongolia Hohhot Jingu Rural Commercial Bank Co., Ltd. ("Jingu Bank")	Provision of products and services on bank deposits, loans and advances in the PRC and other business approved by the China Banking Regulatory Commission	9.22%
Inner Mongolia Zhongzai Huicai E-commerce Co., Ltd.	Investment holding	100%
Beijing Huixiang Network Technology Co., Ltd.	Dormant	100%
Huijing (Huizhou) E-commerce Co., Ltd.	Dormant	100%

Note:

As at 31 December 2023, the Group held 70% aggregate equity interests in Chongqing Micro-credit, with 30% equity interest being held by Huicong Hulian and 40% equity interest held by Hong Kong Huicong International Group Limited, which is a wholly-owned subsidiary of the Group.

Upon completion, the Group's interest in Chongqing Micro-credit decreased from 70% to 40% and the Group no longer holds control over the board of Chongqing Micro-credit but retains significant influence over it. Chongqing Micro-credit ceased to be a subsidiary of the Group and the retained 40% equity interest was recognised as investment in an associate in the consolidated financial statements using the equity method.

The 40% equity interest in Chongqing Micro-credit that was retained was remeasured to its fair value, as the initial recognition cost of investment in associates. The deemed disposal loss amounting to RMB22,310,000 was recognised.

The fair value of the 40% equity interest in Chongqing Micro-credit that was retained by the Group as at Completion Date was determined by a valuation performed by an independent professional valuer. The valuation involved significant judgements and estimates, including price-to-book (P/B) ratio, and selection of comparable companies.

The major classes of assets and liabilities of Huicong Hulan Disposal Group as at Completion Date were as follows:

	As at Completion Date <i>RMB'000</i>
Finance lease receivables	147,648
Financial assets at fair value through OCI	271,773
Loan and interest receivables	1,044,326
Trade and other receivables	17,822
Cash and cash equivalents	14,391
Other assets	5,675
Trade and other payables	(54,868)
Bank borrowings	(487,882)
Other liabilities	(16,998)
Remeasurement loss previously recognised	(586,302)
Net assets disposed of	355,585
Less: net assets attributable to non-controlling interests	(272,233)
Net assets attributable to the Group	83,352

Net loss on disposal Huicong Hulan Group as at Completion Date were as follows:

	As at Completion Date <i>RMB'000</i>
Cash consideration	5,000
Fair value of the 40% equity interests retained in Chongqing Micro-credit as investment in associate	56,042
Less net assets attributable to Group disposed of	(83,352)
Disposal loss	(22,310)

Net cash outflow arising on disposal for the period ended 27 February 2024:

	As at Completion Date RMB'000
Cash consideration (<i>note</i>)	5,000
Less: deposit received in advance	(1,000)
Less: cash and cash equivalents disposed of	(14,391)
	(10,391)

Note: Upon the disposal of Huicong Hulian Group, the total cash consideration received amounted to RMB5,000,000. This included an initial deposit of RMB1,000,000 received on 1 December 2023.

The notional goodwill arising on the transaction of Chongqing Micro-credit was as follows:

	As at Completion Date RMB'000
Fair value of the 40% equity interests retained in Chongqing Micro-credit as investment in associate	56,042
Share of the fair value of net identifiable assets	(55,575)
Notional goodwill	467

18 Other Financial Liabilities

	Huizhou Union Cotton Cloud Technology Co., Limited ("Union Cotton") Note (a)		PanPass Information Technology Co., Limited ("PanPass") Note (b)	
	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current	–	–	90,772	85,816
Non-current	96,018	92,423	–	–

The balance represents the redemption liabilities related to Union Cotton and PanPass. Historically, the Group issued news shares in Union Cotton and PanPass to certain news investors and agreed that these investors are entitled to a redemption right to sell the shares in Union Cotton and PanPass to the original shareholders (including the Group) at a pre-determined price, if UniCotton and PanPass fail to meet certain performance conditions.

Such redemption obligation is recognised as "other financial liabilities" and measured at the present value of the expected redemption amount. As at 30 June 2025, the relevant liabilities on Union Cotton and PanPass amounted to RMB96,018,000 and RMB90,772,000, respectively (31 December 2024: RMB92,423,000 and RMB85,816,000).

The change in present value amounting to RMB8,551,000 in aggregate was credited to "other reserve" in the condensed consolidated interim statement of comprehensive income.

19 Financial assets at fair values

	Financial assets at fair value through other comprehensive income	
	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Listed securities	9,811	15,176
Equity investment – unlisted securities	97,102	–
Financial assets	106,913	15,176

All financial assets measured at fair value through other comprehensive income are classified as non-current assets.

For further details about the fair value estimate and movements of the financial assets at fair value, please refer to note 5.3.

20 Contract liabilities

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Contract liabilities related to online services and advertisement	25,727	32,916
Contract liabilities related to sales of goods on B2B trading platforms	252,535	208,500
Contract liabilities	278,262	241,416

21 Trade payables and bill payables, accrued expenses and other payables

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade payables and bill payables (note a)	263,267	276,178
Accrued salaries and staff benefits	36,668	39,326
Accrued agency commission	4,412	5,284
Accrued expenses	48,599	42,719
Deposits from customers	6,405	4,325
Other tax payables	11,657	12,965
Others	17,166	16,230
	388,174	397,027

Note:

(a) Trade payables and bill payables

The aging analysis of the trade payables and bill payables based on invoice date is as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
0 to 90 days	189,468	148,709
91 to 180 days	64,508	98,720
181 to 365 days	578	20,044
Over 1 year	8,713	8,705
	263,267	276,178

22 Borrowings

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current portion:		
Bank borrowings (note a)	230,517	175,848
Other borrowings (note b)	292,737	261,632
Total borrowings	523,254	437,480

The above balance includes both principal and interest portion of the borrowings and are all denominated in RMB (31 December 2024: same).

Notes:

- (a) As at 30 June 2025, bank borrowings bear average interest rate ranging from 2.45% to 4.50% per annum (31 December 2024: ranging from 2.60% to 4.50% per annum) and principles of approximately RMB230,341,000 will mature in next twelve months (31 December 2024: RMB175,748,000).

Out of the total balances, the followings bank borrowings were secured.

- (i) bank borrowing of RMB9,000,000 which was guaranteed by a subsidiary of the Group and secured by a property (31 December 2024: RMB16,970,000); and
- (ii) bank borrowing of RMB10,000,000 which were guaranteed by certain independent third party of the Group and secured by an Executive Director of the Group (31 December 2024: Same); and

The remaining bank borrowings are unsecured and mainly included:

- (i) bank borrowings of RMB109,881,000 which were guaranteed by subsidiaries of the Group (31 December 2024: RMB91,750,000); and
 - (ii) bank borrowings of RMB10,000,000 which were guaranteed by an independent third party and a key management of a subsidiary (31 December 2024: RMB9,828,000); and
 - (iii) bank borrowings of RMB36,960,000 which were guaranteed by subsidiaries of the Group and the Executive Directors of the subsidiary (31 December 2024: RMB19,000,000); and
 - (iv) bank borrowing of RMB55,500,000 which were unguaranteed (31 December 2024: RMB28,200,000).
- (b) As at 30 June 2025, other borrowings of approximately RMB62,600,000 bear interest rate ranging from 5% to 8% per annum (31 December 2024: same) and will mature in coming twelve months (31 December 2024: RMB31,500,000).

Other borrowing of RMB230,000,000 provided by an independent third party which was secured by certain equity interest of a subsidiary of the Group and guaranteed by the Company and a subsidiary of the Group (31 December 2024: Same), which has been matured on 31 December 2024 and became repayable on demand. The Group is in the process of negotiating with counter-party on renewal of this other borrowing.

Other borrowing of RMB20,900,000 provided by an independent third party which was unguaranteed and secured by prepayment of cotton (31 December 2024: Nil).

The remaining other borrowings are unsecured and mainly included:

- (i) other borrowing of RMB20,000,000 provided by an independent third party which was guaranteed by a subsidiary of the Group (31 December 2024: same); and
- (ii) other borrowings of RMB3,500,000 provided by a non-controlling shareholder and certain key management personnels of subsidiaries of the Group (31 December 2024: same); and
- (iii) other borrowing of RMB2,700,000 provided by a senior management personnel of the Group (31 December 2024: Nil); and
- (iv) other borrowings of RMB15,500,000 provided by independent third parties (31 December 2024: RMB8,000,000).

As at 30 June 2025, the Group has no undrawn banking facilities (31 December 2024: Nil).

23 Share capital

	Number of ordinary shares	Par value RMB'000
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	1,309,931,119	120,977

The total authorised number of ordinary shares is 2,000,000,000 shares (31 December 2024: 2,000,000,000 shares) with a par value of HK\$0.1 per share (31 December 2024: HK\$0.1 per share). All issued shares are fully paid.

The total number of issued shares of the Company were 1,309,931,119 shares as at 30 June 2025 (31 December 2024: Same).

(a) Share options

During the six months ended 30 June 2025, no share options were exercised (30 June 2024: Nil).

Movements in the number of share options outstanding and their exercise prices are as follows:

		For the six months ended 30 June 2025 Exercise price in HK\$ per share		For the year ended 31 December 2024 Exercise price in HK\$ per share	
		Share options		Share options	
At 1 January	13 October 2027	6.476	29,032,100	6.476	29,032,100
	19 July 2028	4.6	13,858,566	4.6	15,953,606
	20 June 2029	4.6	9,500,000	4.6	9,500,000
Granted	13 October 2027	6.476	–	6.476	–
	19 July 2028	4.6	–	4.6	–
	20 June 2029	4.6	–	4.6	–
Lapsed, forfeited or exercised	13 October 2027	6.476	–	6.476	–
	19 July 2028	4.6	–	4.6	(2,095,040)
	20 June 2029	4.6	–	4.6	–
At 30 June 2025 and 31 December 2024	13 October 2027	6.476	29,032,100	6.476	29,032,100
	19 July 2028	4.6	13,858,566	4.6	13,858,566
	20 June 2029	4.6	9,500,000	4.6	9,500,000

Expiry date	Exercise price in HK\$ per share	Share options		Audited 31 December 2024
		Unaudited 30 June 2025	Exercise price in HK\$ per share	
13 October 2027	6.476	29,032,100	6.476	29,032,100
19 July 2028	4.6	13,858,566	4.6	13,858,566
20 June 2029	4.6	9,500,000	4.6	9,500,000

24 Related party transactions

(a) Key management compensation

The remuneration of directors and other members of key management during the period were as follows:

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	2,844	4,538

(b) Related party transaction

Other than those disclosed elsewhere in condensed consolidated interim financial information, no transaction occurred with related parties in Group's business.

(c) Related party balance

Saved as disclosed in the condensed consolidated interim financial information, the Group has the following balances with related parties as at 30 June 2025 and 31 December 2024, respectively.

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Other borrowing received from: – Key management personnel (note i)	2,700	–

Note:

- (i) The balance includes borrowing received from a key management personal for short term business purpose. The other borrowing bears 5.5% interest rate and will be repaid within six months.

* English names are translated for identification purpose only

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

(a) Directors' and chief executive's long positions in the shares of the Company ("Shares")

Name	Class of Shares	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total number of Shares	Percentage of shareholding (approximate)
Liu Jun	Ordinary	Beneficial owner	79,252,100	-	-	-	79,252,100 (Note 1)	6.05%
Zhang Yonghong	Ordinary	Beneficial owner	13,600,000				13,600,000 (Note 2)	1.04%
Liu Xiaodong	Ordinary	Beneficial owner and Interest of controlled corporation	5,168,085		62,273,794		67,441,879 (Note 3)	5.15%
Guo Fansheng	Ordinary	Beneficial owner and founder of a discretionary trust who can influence how the trustee exercise his discretion	2,088,000	-	-	55,661,015	57,749,015 (Note 4)	4.41%

Notes:

1. Among such interests include interests in 29,032,100 underlying Shares derived from the share options ("Options") granted under the Company's Share Option Scheme.
2. Among such interests include interests in 9,500,000 underlying Shares derived from Options.
3. Among such interests include interests in 3,168,085 underlying Shares from Options. Mr. Liu Xiaodong is also deemed to be interested in 62,273,794 Shares held by Wisdom Limited (a company wholly and beneficially owned by him) pursuant to the SFO.

4. Mr. Guo Fansheng is deemed to be interested in 55,661,015 Shares (long position) held by a trustee of a trust of which Mr. Guo Fansheng is a founder of a discretionary trust who can influence how the trustee exercise his discretion pursuant to the SFO. He 100% controls Frandor Limited (which 100% controls Altair Associates Ltd). Altair Associates Ltd. 100% controls Cedoria Capital LLC, who is interested in such 55,661,015 Shares.
5. More information about the Directors' interests in the Options is set out in the paragraph headed "Share Scheme" below.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code as of the end of the Period.

SHARE SCHEME

2015 Share Option Scheme

On 22 May 2015 (the "Adoption Date"), a share option scheme was approved by the shareholders of the Company ("2015 Share Option Scheme"). More information of the 2015 Share Option Scheme were included in the circular of the Company dated 5 May 2015. Set out below is a summary of the 2015 Share Option Scheme:

Purpose and participants

The purpose of the 2015 Share Option Scheme was to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, customers, advisers, distributors, contractors, suppliers, agents, business partners or service providers of the Group and to promote the success of the business of the Group ("Participant(s)"). The Board might, at its absolute discretion, invite any person belonging to any of the aforesaid classes of persons of any member of the Group to be a Participant of the 2015 Share Option Scheme.

Total number of Shares available for issue

The total number of Shares available for issue in respect of which Options may be granted under the 2015 Share Option Scheme was 102,085,221 Shares, representing approximately 7.79% of the issued Shares prior to the expiration of the 2015 Share Option Scheme in May 2025. No further options will be granted after the scheme's expiration.

Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) under the 2015 Share Option Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the Shares in issue.

Time of exercise of the Options

An Option may be exercised by the grantee at any time during the period to be notified by the Board to the grantee (the “Grantee”) in the offer of Options (the “Offer”), but in any event shall not exceed 10 years from the date of offer (the “Offer Date”).

Minimum holding period

The Board might offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion.

Amount payable on acceptance of the Option

An Offer shall be deemed to have been accepted and an Option to which the Offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 7 days from the Offer Date (inclusive of the Offer Date).

Basis of determining the exercise price

The subscription price shall be a price determined solely by the Board and notified to a Participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Life of the 2015 Share Option Scheme

The 2015 Share Option Scheme was valid for a period of 10 years commencing on the Adoption Date. It expired in May 2025.

Outstanding Share Options

Set out below are the movement of the Options granted under the under the 2015 Share Option Scheme during the Period:

Name/category of grantee	Date of grant	Exercise price per share HK\$	Number of Options				Outstanding as at 30 June 2025 (Note 1)	Exercise period	Vesting period and conditions
			Outstanding as at 1 January 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Directors/chief executive									
Liu Jun	13 October 2017	6.476	5,986,000	-	-	-	5,986,000	13 October 2018– 12 October 2027	Note 8
			5,986,000	-	-	-	5,986,000	13 October 2019– 12 October 2027	
			5,686,700	-	-	-	5,686,700	13 October 2020– 12 October 2027	
			5,686,700	-	-	-	5,686,700	13 October 2021– 12 October 2027	
			5,686,700	-	-	-	5,686,700	13 October 2022– 12 October 2027	
Zhang Yonghong	20 June 2019	4.6	3,163,500	-	-	-	3,163,500	20 June 2020– 19 June 2029	Note 9
			3,163,500	-	-	-	3,163,500	20 June 2021– 19 June 2029	
			3,173,000	-	-	-	3,173,000	20 June 2022– 19 June 2029	
Liu Xiaodong	19 July 2018	4.6	1,332,000	-	-	-	1,332,000	19 July 2019– 18 July 2028	Note 10
			1,034,485	-	-	-	1,034,485	19 July 2020– 18 July 2028	
			801,600	-	-	-	801,600	19 July 2021– 18 July 2028	
Five highest paid individual (not Director)									
2 individuals (also being senior management), in aggregate	19 July 2018	4.6	1,681,650	-	-	-	1,681,650	19 July 2019– 18 July 2028	Note 10
			1,507,660	-	-	-	1,507,660	19 July 2020– 18 July 2028	
			1,012,020	-	-	-	1,012,020	19 July 2021– 18 July 2028	

Name/category of grantee	Date of grant	Exercise price per share HK\$	Number of Options				Outstanding as at 30 June 2025 (Note 1)	Exercise period	Vesting period and conditions
			Outstanding as at 1 January 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Other employees									
In aggregate (Note 2)	19 July 2018	4.6	2,160,888	-	-	-	2,160,888	19 July 2019- 18 July 2028	Note 10
			2,160,888	-	-	-	2,160,888	19 July 2020- 18 July 2028	
			2,167,375	-	-	-	2,167,375	19 July 2021- 18 July 2028	
Total			52,390,666 (Note 11)	-	-	-	52,390,666 (Note 11)		

Notes:

- Each Option granted and accepted shall be valid for a period of 10 years from the date of grant of Options. Each Option has a vesting period from its date of grant up to the date immediately before the commencement of its exercise period.

For the Options exercisable at HK\$6.476 granted on 13 October 2017, the relevant grantees may exercise Options up to 20%, 40%, 60%, 80% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second, third, fourth and fifth anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$4.60 granted on 19 July 2018, the relevant grantees may exercise Options up to 33.3%, 66.6% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second and third anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$4.60 granted on 20 June 2019, the relevant grantees may exercise Options up to 33.3%, 66.6% and 100%, respectively, of the Shares comprised in his or her Options (less any number of shares of the Company in respect of which the Options have been previously exercised), commencing from the first, second and third anniversaries of the date of the grant of Options.

- 5 employees with Options to subscribe Shares at HK\$4.60 per Share.
- These Options are conditional upon the continuation of employment of the relevant grantee.

4. The fair value of Options granted under the Share Option Scheme on 13 October 2017, determined using the Binomial Model valuation model, was approximately RMB100,356,000. The significant inputs into the model were exercise price of HK\$6.476 standard deviation of expected share price returns of 62%, expected life of Options 4.9 years expected dividend paid out rate of 0.9% and annual risk-free interest rate 1.745%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
5. The fair value of Options granted under the 2015 Share Option Scheme on 19 July 2018, determined using the Binomial Model valuation model, was approximately RMB70,258,000. The significant inputs into the model were exercise price of HK\$4.6 standard deviation of expected share price returns of 70%, expected life of Options 10 years expected dividend paid out rate of 0% and annual risk-free interest rate 2.13%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
6. In respect of employees resigned during the Period whose Options have not been vested, such Options are lapsed, and the share compensation costs recognised previously are credited to consolidated statement of comprehensive income.
7. The values of Options recognised in share-based compensation reserves are subject to a number of assumptions and with regard to the limitation of the valuation model.
8. The Options granted on 13 October 2017 were subject to the following vesting period and conditions:

20% each of the Options would be vested and become exercisable on each of the first, second, third, fourth and fifth anniversary dates of date of offer (being 13 October 2017). Out of each of these 20%, half of them (i.e. an aggregate of 50% of all Options) would only be vested and become exercisable if the following performance targets are met:

Percentage of performance targets achieved	Percentage of the special Options becoming exercisable
100%	100%
70%–99%	Proportionate to the percentage of performance targets actually achieved for the relevant financial year
Less than 70%	Nil

If the grantee ceases to be an employee, unvested Options will lapse automatically, and Options vested but not yet exercised will lapse if such Options have not been exercised within three months from the date of his/her cessation of employment.

9. Options granted on 20 June 2019 were subject to the following vesting period and conditions:

	Date when the Options become exercisable	Percentage of Shares comprised in the Option which is vested and exercisable (subject to fulfillment of vesting conditions set out in the next column) (Notes)	Condition 1	Condition 2
First tranche of Options	First anniversary date of the Date of Grant (the "First Anniversary Date")	33.3%	The performance target of the Company for the year 2019 is achieved	The Grantee shall remain as an employee of the Group as at the First Anniversary Date
Second tranche of Options	Second anniversary date of the Date of Grant (the "Second Anniversary Date")	33.3%	The performance target of the Company for the year 2020 is achieved	The Grantee shall remain as an employee of the Group as at the Second Anniversary Date
Third tranche of Options	Third anniversary date of the Date of Grant (the "Third Anniversary Date")	33.4%	The performance target of the Company for the year 2021 is achieved	The Grantee shall remain as an employee of the Group as at the Third Anniversary Date

50% of the respective tranche of Options in each vesting period are exercisable only if Condition 1 and Condition 2 set out above are fully achieved. The remaining 50% of the respective tranche of Options in each vesting period are exercisable if Condition 2 is fulfilled.

10. The Options granted on 19 July 2018 were subject to the following vesting periods and conditions:

	Date when the Options become exercisable	Percentage of Shares comprised in the Option which is vested and exercisable (subject to fulfillment of vesting conditions set out in the next column)	Condition 1	Condition 2	Condition 2
		(Notes)			
First tranche of Options	First anniversary date of the Date of Grant (the "First Anniversary Date")	33.3%	The revenue of the Company for the year 2018 reaches RMB10 billion or above	The Grantee has achieved the performance targets for the year 2018 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the First Anniversary Date
Second tranche of Options	Second anniversary date of the Date of Grant (the "Second Anniversary Date")	33.3%	The revenue of the Company for the year 2019 reaches RMB20 billion or above	The Grantee has achieved the performance targets for the year 2019 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the Second Anniversary Date
Third tranche of Options	Third anniversary date of the Date of Grant (the "Third Anniversary Date")	33.4%	The revenue of the Company for the year 2020 reaches RMB30 billion or above	The Grantee has achieved the performance targets for the year 2020 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the Third Anniversary Date

Notes:

1. If a Grantee fulfills Condition 1 and Condition 3 set out above in the respective vesting period, the Grantee will be entitled to exercise 40% of the respective tranche of Options.
2. If a Grantee fulfills Condition 2 and Condition 3 set out above in the respective vesting period, the Grantee will be entitled to exercise 40% of the respective tranche of Options.
3. If a Grantee fulfills Condition 3, the Grantee will be entitled to exercise 20% of the respective tranche of Options.
4. All the Options will be automatically cancelled if the Grantee fails to fulfil Condition 3 regardless of whether Condition 1 and/or Condition 2 are achieved.
5. In addition to the above vesting conditions, if performance targets set out in Condition 1 or Condition 2 above cannot be fully achieved, the number of Options corresponding to fulfilment of Condition 1 and/or Condition 2 as referred to in notes 1 and 2 above which can be exercisable in the respective vesting period would be further adjusted in the following manner:

Percentage of performance targets achieved	Percentage of the Options becoming exercisable
100%	100%
70%–99%	Proportionate to the percentage of performance targets actually achieved
Less than 70%	Nil

11. The number of Outstanding Options under the 2015 Share Option Scheme represented approximately 4.0% of the Company's issued Shares as of the beginning of the Period and the end of the Period. As of the date of this report, there were 52,390,666 Outstanding Options, representing approximately 4.0% of the Company's issued Shares.

Save as disclosed, no options were exercised, granted, lapsed or cancelled during the Period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, the interests and short positions of substantial shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Class of Shares	Long position	Capacity	Percentage of shareholding (approximate)
Substantial shareholders				
Talent Gain Developments Limited	Ordinary	253,671,964 (Note 1)	Beneficial owner and interest in controlled corporation	19.37%
Digital China (BVI) Limited	Ordinary	253,671,964 (Note 1)	Interest in controlled corporation	19.37%
Digital China Holdings Limited	Ordinary	253,671,964 (Note 1)	Interest in controlled corporation	19.37%
Other persons				
Ideal South Limited	Ordinary	80,000,000 (Note 2)	Beneficial owner	6.11%
Wong Luen Hei	Ordinary	129,705,000 (Note 2)	Interest in controlled corporation and founder of discretionary trust(s) who can influence how the trustee exercises his discretion	9.90%
Fortune Value Investment Holdings Limited	Ordinary	104,562,000 (Note 3)	Beneficial owner	7.98%
Zhu Lemin	Ordinary	104,562,000 (Note 3)	Interest in controlled corporation	7.98%

Notes:

So far as the Company is aware of with reference to publicly available information:

- Such interests in the Company comprise: (1) 230,263,964 Shares held by Talent Gain Developments Limited and (2) 23,408,000 Shares held by Unique Golden Limited. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and which is in turn wholly controlled by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, Talent Gain Developments Limited is deemed to be interested in the Shares held by Unique Golden Limited, and each of Digital China (BVI) Limited and Digital China Holdings Limited is deemed to be interested in the Shares held by Talent Gain Developments Limited and Unique Golden Limited.

2. Ideal South Limited is wholly and beneficially owned by Mr. Wong Luen Hei. He is deemed to be interested in the Shares held by Ideal South Limited under the SFO. Mr. Wong is also interested in 49,705,000 Shares in the capacity of a founder of discretionary trust(s) who can influence how the trustee exercises his discretion.
3. Fortune Value Investment Holdings Limited is wholly and beneficially owned by Mr. Zhu Lemin. He is deemed to be interested in the Shares held by Fortune Value Investment Holdings Limited under the SFO.

Save as disclosed above, as at 30 June 2025, the Company had not been notified of any interests or short positions of substantial Shareholders or other persons in the shares and underlying shares of the Company which are required to be kept under Section 336 of the SFO.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that he/she has complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, and the unaudited interim results of the Group for the Period and this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that none of them and to the best of their information, their respective close associates (as defined in the Listing Rules), had any business or interest in any company that materially competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Period.

RECONCILIATION OF NON-HKFRS MEASURES TO THE NEAREST HKFRS MEASURES

To supplement the Group consolidated results which are prepared and presented in accordance with HKFRS, the Group also used adjusted EBITDA and adjusted net profit/loss as additional financial measures, which are not required by or presented in accordance with HKFRS. The Company believes that these non-HKFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that the management does not consider to be indicative of the Group's operating performance, such as certain non-cash items and certain impact of investment transactions. The use of these non-HKFRS measures have limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, the results of operations or financial conditions as reported under HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other issuers and therefore may not be comparable to similar measures presented by other issuers.

The following table sets forth the reconciliations of non-HKFRS financial measures for the six months ended 30 June 2025 and 2024, to the nearest measures prepared in accordance with HKFRS.

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	<i>RMB'000</i>
		<i>(Note)</i>
Operating profit/(loss)	14,491	(13,555)
Other gains, net	—	3,320
Provision for impairment losses on financial assets	4,664	9,515
Adjusted profit/(loss)	19,155	(720)
Adjusted for		
Depreciation and amortisation	9,088	11,428
Adjusted EBITDA*	28,243	10,708

* Earning before interest, taxes, depreciation and amortisation.

Note: The comparative figures related to the discontinued operations have been represented in the consolidated financial statements, as such the non-HKFRS financial measures have also been represented to align the presentation.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Mr. Liu Jun is the chairman and the CEO of the Company in the Period. Code Provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Liu has been overseeing the Group's strategic development, he has extensive experience in the industry and the experience of acting as the CEO. The Company believes that Mr. Liu acting as the CEO could allow the Group to maintain its efficient planning and to implement business decisions and strategies under consistent leadership of the current management team without compromising the balance of power and authority. The arrangement could also facilitate a division of work among key management members of the Company by allowing other key management members to devote on key development directions of the Group, and is beneficial to the Group as a whole.

Save as the above, the Board was satisfied that the Company met the applicable code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules during the Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities (including sale of treasury shares) during the Period. As of 30 June 2025, the Company did not hold any treasury shares or any repurchased shares pending cancellation.

By order of the board

HC Group Inc.

Liu Jun

Chairman and Chief Executive Officer

Hong Kong, 22 August 2025

As at the date of this report, the Board comprises:

Mr. Liu Jun (*Chairman, Executive Director and Chief Executive Officer*)

Mr. Zhang Yonghong (*Executive Director*)

Mr. Liu Xiaodong (*Executive Director and President*)

Mr. Guo Fansheng (*Non-executive Director*)

Mr. Lin Dewei (*Non-executive Director*)

Mr. Xing Jingfeng (*Non-executive Director*)

Mr. Zhang Ke (*Independent non-executive Director*)

Mr. Zhang Tim Tianwei (*Independent non-executive Director*)

Ms. Qi Yan (*Independent non-executive Director*)

Certain figures in this report have been subject to rounding adjustments.

This report contains certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.