

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zall Smart Commerce Group Ltd. (the “**Company**” or “**Zall Smart**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2026 (the “**Reporting Period**”), together with the unaudited comparative figures for the preceding period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2026 — unaudited

(Expressed in Renminbi)

		For the six months ended 30 June	
		2026	2025
	<i>Note</i>	RMB’000	RMB’000
Revenue	3(a)	36,905,096	90,921,475
Cost of sales		<u>(36,681,984)</u>	<u>(90,644,136)</u>
Gross profit		223,112	277,339
Other net income	4	20,142	19,093
Selling and distribution expenses		(76,293)	(147,551)
Administrative and other expenses		(163,998)	(200,553)
Impairment loss (recognised)/reversed under expected credit loss model, net of reversal		(162,454)	18,132
Impairment loss on intangible assets		<u>(1,438)</u>	<u>—</u>
Loss from operations before changes in fair value of investment properties		(160,929)	(33,540)
Net valuation (loss)/gain on investment properties	8	<u>(1,135,769)</u>	<u>305,747</u>

		For the six months ended	
		30 June	
		2026	2025
	<i>Note</i>	RMB'000	RMB'000
(Loss)/profit from operations		(1,296,698)	272,207
Finance income	5(a)	82,783	125,523
Finance costs	5(a)	(354,776)	(293,809)
Share of net profits/(losses) of associates		2,176	(4,769)
Share of net profits of joint ventures		8,099	7,418
(Loss)/profit before taxation	5	(1,558,416)	106,570
Income tax expense	6	355,496	(36,598)
(Loss)/profit for the period		(1,202,920)	69,972
Attributable to:			
— Equity shareholders of the Company		(1,149,249)	97,051
— Non-controlling interests		(53,671)	(27,079)
(Loss)/profit for the period		(1,202,920)	69,972
(Loss)/earnings per share (RMB cents)			
— Basic and diluted	7	(9.27)	0.78

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

for the six months ended 30 June 2026 — unaudited
(Expressed in Renminbi)

	For the six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
(Loss)/profit for the period	(1,202,920)	69,972
Other comprehensive expense for the period		
Items that may be reclassified subsequently to profit or loss:		
— Share of other comprehensive (expense)/income of associates and joint ventures	(70)	91
— Exchange differences on translation of foreign operations, net of nil tax	(17,685)	(32,312)
	<u>(17,755)</u>	<u>(32,221)</u>
Other comprehensive expense for the period	<u>(17,755)</u>	<u>(32,221)</u>
Total comprehensive (loss)/income for the period	<u>(1,220,675)</u>	<u>37,751</u>
Attributable to:		
— Equity shareholders of the Company	(1,165,462)	64,830
— Non-controlling interests	(55,213)	(27,079)
	<u>(1,220,675)</u>	<u>(27,079)</u>
Total comprehensive (loss)/income for the period	<u>(1,220,675)</u>	<u>37,751</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2026 — unaudited
(Expressed in Renminbi)

		As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
	Note		
Non-current assets			
Investment properties	8	25,453,462	26,067,838
Property, plant and equipment	9	336,915	343,462
Intangible assets		394,381	417,466
Interests in associates		384,570	385,379
Interests in joint ventures		163,684	155,655
Equity investments at fair value through other comprehensive income		80,408	80,408
Contract assets		54,529	54,369
Deferred tax assets		483,824	444,991
		<u>27,351,773</u>	<u>27,949,568</u>
Current assets			
Inventories		4,097,210	3,778,833
Trade and other receivables	10	16,677,215	20,812,139
Financial assets at fair value through profit or loss		109,717	77,176
Amounts due from related parties and non-controlling shareholders of subsidiaries		287,885	579,906
Prepaid taxes		26,051	27,195
Pledged bank deposits		3,198,116	6,991,681
Cash and cash equivalents		862,883	1,509,853
		<u>25,259,077</u>	<u>33,776,783</u>

		As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
	Note		
Current liabilities			
Trade and other payables	11	9,851,911	12,679,459
Contract liabilities		11,895,647	13,675,924
Lease liabilities		12,282	11,690
Amounts due to related parties and non-controlling shareholders of subsidiaries		1,096,104	1,338,036
Interest-bearing borrowings	12	9,388,513	11,744,536
Current taxation		381,152	420,120
		<u>32,625,609</u>	<u>39,869,765</u>
Net current liabilities		<u>(7,366,532)</u>	<u>(6,092,982)</u>
Total assets less current liabilities		<u>19,985,241</u>	<u>21,856,586</u>
Non-current liabilities			
Interest-bearing borrowings	12	2,293,756	2,655,388
Deferred income		1,202	1,423
Lease liabilities		22,865	23,920
Deferred tax liabilities		4,483,470	4,770,286
		<u>6,801,293</u>	<u>7,451,017</u>
NET ASSETS		<u>13,183,948</u>	<u>14,405,569</u>
CAPITAL AND RESERVES	13		
Share capital		34,454	34,454
Reserves		12,882,378	14,047,840
Total equity attributable to equity shareholders of the Company		<u>12,916,832</u>	<u>14,082,294</u>
Non-controlling interests		267,116	323,275
TOTAL EQUITY		<u>13,183,948</u>	<u>14,405,569</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 31 August 2026.

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of changes in accounting policies are set out in note 2.

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

The interim condensed consolidated financial information contains condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Zall Smart Commerce Group Ltd. (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) since the 2025 annual financial statements. These interim condensed consolidated financial information and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with International Accounting Standards, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2025.

The financial information relating to the year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2025 are available from the Company’s registered office. In the auditor’s report dated 31 March 2026, the auditors expressed an unqualified opinion on those financial statements but drew attention to conditions which indicated existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

During the six month ended 30 June 2026, the Group recorded net operating outflow of RMB1,445,975,000 and net current liabilities of approximately 7,366,532,000 as at 30 June 2026. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows, and to reduce the operating costs as appropriate;
- the Group is actively and regularly reviewing its capital structure, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and delay the payment of overdue interests where appropriate;
- the Group plans to raise additional funding from bank borrowings. As at 30 June 2026, investment properties with fair value of RMB12,632,043,000 are not pledged for borrowings. The Group considers these properties could be pledged to the banks and raise required funds successfully; and
- the Group may dispose of non-core business and assets to raise additional working capital.

In addition, as disclosed in note 12, bank loans and loans from other financial institutions of RMB3,722,945,000 (31 December 2025: RMB3,727,190,000) were guaranteed and/or secured by certain investment properties, properties under development for sale, completed properties held for sale and other assets of the Group with their carrying amount of RMB13,069,464,000 (31 December 2025: RMB14,751,522,000) in aggregate as at 30 June 2026 and bank loans and loans from other financial institutions of RMB1,653,073,000 (31 December 2025: RMB1,744,692,000) were guaranteed by corporate guarantees of certain of the Group's subsidiaries. The Group considered that the carrying amounts of the pledged assets are far exceeding the carrying amounts of the corresponding borrowings, therefore, management considered that the roll-over or refinancing of a substantial portion of the existing borrowings to extend the repayment dates to beyond twelve months from the end of the reporting period would be succeeded. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its overall property portfolio, including those properties that are currently not pledged.

After considering the above, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared on a going concern basis. Should the Group be unable to achieve the above plans and measures such that it would not be operated as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the interim condensed consolidated financial information.

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

2 CHANGES IN ACCOUNTING POLICIES

The IFRS has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

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

	For the six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products or service lines		
— Revenue from sales of properties and related services	33,438	45,952
— Revenue from supply chain management and trading business	36,726,098	90,693,400
— Others	53,788	40,175
	36,813,324	90,779,527
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	78,396	116,961
Finance income	13,376	24,987
	91,772	141,948
	36,905,096	90,921,475
Revenue from contracts with customers within the scope of IFRS 15:		
By geographical markets		
— The PRC	21,688,670	58,561,670
— Singapore	15,124,654	32,217,857
Total	36,813,324	90,779,527
Timing of revenue recognition		
— At point in time	36,779,886	90,733,993
— Over time	33,438	45,534
Total	36,813,324	90,779,527

The Group's customer base is diversified and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2026 and 2025.

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

As at 30 June 2026, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB194,854,000 (31 December 2025: RMB193,840,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and construction contracts entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in the future when or as the work is completed or, in the case of the properties under development for sale, when the properties are accepted by the customer or deemed as accepted according to the contract (whichever is earlier), which is expected to occur over the next 1 to 24 months (31 December 2025: next 1 to 24 months).

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

(b) Segment reporting

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

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

(i) *Segment results, assets and liabilities*

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

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

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below.

	Property development and related services		Supply chain management and trading		Total	
	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	111,834	163,148	36,788,867	90,756,594	36,900,701	90,919,742
Reportable segment profit/(loss)	24,401	71,529	(200,401)	(109,948)	(176,000)	(38,419)
Other segment information:						
Net valuation (loss)/gain on investment properties	(1,135,769)	305,747	–	–	(1,135,769)	305,747
Impairment loss (recognised)/reversed under expected credit loss model, net of reversal	(23,488)	(3,760)	(139,402)	6,774	(162,890)	3,014
Depreciation and amortisation	(3,878)	(10,440)	(35,225)	(25,484)	(39,103)	(35,924)
Finance income	4	19	82,745	125,503	82,749	125,522
Finance costs	(224,860)	(129,132)	(124,509)	(160,689)	(349,369)	(289,821)
Additions to non-current segment assets during the period	1,216	15,594	13,585	41,093	14,801	56,687
As at 30 June/31 December						
Reportable segment assets	27,283,991	28,390,690	23,064,286	31,042,605	50,348,277	59,433,295
Reportable segment liabilities	6,858,585	6,691,752	25,628,391	33,008,215	32,486,976	39,699,967

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

	For the six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	36,900,701	90,919,742
Other revenue	4,395	1,733
Consolidated revenue (<i>note 3(a)</i>)	36,905,096	90,921,475
Profit		
Reportable segment loss	(176,000)	(38,419)
Other net income	20,142	19,093
Net valuation (loss)/gain on investment properties	(1,135,769)	305,747
Finance income	82,783	125,523
Finance costs	(354,776)	(293,809)
Share of net profits/(losses) of associates	2,176	(4,769)
Share of net profits of joint ventures	8,099	7,418
Unallocated head office and corporate expenses	(5,071)	(14,214)
Consolidated (loss)/profit before taxation	(1,558,416)	106,570

(iii) *Geographic information*

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

	Revenue from external customers		Specified non-current assets	
	For the	For the	As at	As at
	six months ended	six months ended	30 June	31 December
	30 June 2026	30 June 2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	21,780,442	58,703,618	26,731,068	27,367,777
Singapore	15,124,654	32,217,857	1,946	2,023
	36,905,096	90,921,475	26,733,014	27,369,800

4 OTHER NET INCOME

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Net fair value changes on financial instruments at fair value through profit or loss:		
— listed equity securities	12,928	(1,053)
— wealth management products and trust products	—	16,633
— forward contracts	(12,202)	2,820
	<u>726</u>	<u>18,400</u>
Government subsidies	13,236	5,982
Others	<u>6,180</u>	<u>(5,289)</u>
	<u><u>20,142</u></u>	<u><u>19,093</u></u>

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>(82,783)</u>	<u>(125,523)</u>
Finance costs		
Interest on interest-bearing borrowings	332,717	283,273
Interest on lease liabilities	1,166	621
Other borrowing costs	1,433	1,907
Less: Amounts capitalised into properties under development	(16,192)	(37,462)
Amounts capitalised into construction in progress	<u>(809)</u>	<u>—</u>
	<u>318,315</u>	<u>248,339</u>
Bank charges and others	29,581	42,946
Net foreign exchange losses	<u>6,880</u>	<u>2,524</u>
	<u><u>354,776</u></u>	<u><u>293,809</u></u>

(b) Other items

	For the six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
Amortisation of intangible assets	24,037	18,653
Depreciation on		
— property, plant and equipment (other than right-of-use assets)	11,751	14,787
— right-of-use assets	4,990	8,980
	40,778	42,420
Staff costs		
— Salaries, wages and other benefits	114,628	136,454
— Contributions to defined contribution retirement plans	9,668	9,950
	124,296	146,404
Research and development costs (included in administrative and other expenses)	2,961	7,223
Impairment losses recognised/(reversed) under expected credit loss model, net of reversal:		
— trade debtors and bills receivable	122,051	2,777
— rental receivables	22,357	12,461
— loans and factoring receivables	3,406	(5,383)
— other receivables	33,246	(27,034)
— advance to suppliers	(18,606)	(953)
Cost of commodities sold	36,670,997	90,620,098
Cost of properties sold	—	13,157

6 INCOME TAX

	For the six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
Current tax		
— PRC Corporate Income Tax (“PRC CIT”)	9,133	14,561
— Singapore Corporate Income Tax (“SG CIT”)	1,056	—
— PRC Land Appreciation Tax (“PRC LAT”)	—	—
	10,189	14,561
Over-provision in prior years		
PRC CIT	(40,037)	(40,037)
SG CIT	—	—
Deferred tax		
Origination and reversal of temporary differences	(325,648)	62,074
	(355,496)	36,598

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. Also, certain subsidiaries located in the British Virgin Islands (“BVI”) are not subject to any income tax in their local jurisdictions.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group did not earn any assessable income subject to Hong Kong Profits Tax for the six months ended 30 June 2026 and 2025.

The provision for SG CIT is calculated at 17% of the estimated assessable profits for the six months ended 30 June 2026 and 2025.

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

- (iii) Pursuant to the rules and regulations applicable to encouraged industries in the PRC western development strategy and e-commerce industry in Guangxi Zhuang Autonomous Region, one subsidiary of the Group is subject to PRC CIT at a preferential tax rate of 15% for the six months ended 30 June 2026 and 2025, and two subsidiaries of the Group are subject to PRC CIT at a preferential tax rate of 9% for the six months ended 30 June 2026 and 2025. Pursuant to the rules and regulations applicable to advanced technology enterprises of the PRC, three subsidiaries of the Group are subject to PRC CIT at a preferential tax rate of 15% for the six months ended 30 June 2026 and 2025. The application of preferential tax rate is reviewed by the tax authority annually.

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

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

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

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

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

While the PRC has yet to introduce its draft legislation for implementation of the Pillar Two Model Rules, including the tax law that implements the global minimum tax and qualified domestic minimum top-up tax. Besides, as the Group’s estimated effective tax rates of Singapore in which the Group operates is higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management’s best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules. Based on the assessment for the six months ended 30 June 2026, the Group does not expect to have any Pillar Two exposure (including current tax) arising in these jurisdictions. Overall, based on the assessment for the period ended 30 June 2026 and the information currently available, the impact of these rules on the Group’s income tax position is not expected to be material.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB1,149,249,000 (six months ended 30 June 2025: profit of RMB97,051,000) and the weighted average of 12,399,506,000 ordinary shares in issue during the six months ended 30 June 2026 (six months ended 30 June 2025: 12,399,506,000).

(b) Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding due to outstanding share options, because the exercise price of those share options was higher than the average market price for ordinary shares during six months ended 2025 and 2026.

8 INVESTMENT PROPERTIES

The Group's investment properties carried at fair value were revalued as at 30 June 2026 by an independent firm of surveyors, using the same valuation techniques as were used by this valuer when arranging out the December 2025 valuations.

During the six months ended 30 June 2026, the Group transferred certain completed properties held for sale to investment properties when there was an actual change in use from sale to earning rental income purpose, which were evidenced by inception of operating lease as stipulated in the lease agreements entered into by the Group or the Group has formally withdrawn such properties from the sales list and actively conducts leasing activities to lease out such properties. Accordingly, a fair value gain of RMB1,189,828,000 (six months ended 30 June 2025: RMB126,324,000) was recognised in profit or loss upon transfer.

Following the update of the valuation of the Group's investment properties by an independent valuer as at 30 June 2026, a net fair value loss of RMB1,135,769,000 (six months ended 30 June 2025: gain of RMB305,747,000), and deferred tax credit thereof of RMB283,942,000 (six months ended 30 June 2025: deferred tax charge of RMB76,437,000), has been recognised in profit or loss in respect of investment properties.

As at 30 June 2026, the Group's completed investment properties portfolio with an aggregated carrying value of approximately RMB12,821,419,000 (31 December 2025: RMB14,463,461,000) in aggregate were pledged as collateral for the Group's interest-bearing borrowings (note 12).

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group entered into several lease agreements for use of office premises and warehouses, and therefore recognised additions to right-of-use assets of RMB6,336,000 (six months ended 30 June 2025: RMB5,185,000).

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with aggregate costs of RMB8,252,000 (six months ended 30 June 2025: RMB19,939,000).

Items of property, plant and equipment with net book value of RMB4,394,000 (six months ended 30 June 2025: RMB99,000) were disposed of during the six months ended 30 June 2026, resulting in a loss on disposal of RMB939,000 (six months ended 30 June 2025: a loss on disposal of RMB30,000).

As at 30 June 2026, the ownership certificates for certain buildings with net book value of RMB39,542,000 (31 December 2025: RMB40,763,000) have not been obtained.

As at 30 June 2026, the Group's buildings with net book value of RMB67,578,000 (31 December 2025: RMB34,562,000) were pledged as collateral for the Group's interest-bearing borrowings (note 12).

10 TRADE AND OTHER RECEIVABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade receivables, net of loss allowance	3,673,526	5,335,763
Loans and factoring receivables, net of loss allowance	434,035	781,246
	4,107,561	6,117,009
Advances to suppliers	11,033,903	13,183,090
Other receivables, deposits and prepayments	1,535,751	1,512,040
	16,677,215	20,812,139

As at 30 June 2026, other receivables of nil (31 December 2025: RMB250,000) were pledged as collateral for the Group's interest-bearing borrowings (note 12).

(a) Ageing analysis of trade receivables

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within 6 months	3,504,240	4,855,410
Over 6 months but within 12 months	41,353	354,528
Over 12 months	127,933	125,825
	3,673,526	5,335,763

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

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Secured loans receivable, net of loss allowance (i)	321,180	645,347
Factoring receivables, net of loss allowance (ii)	112,855	135,899
	434,035	781,246

- (i) Secured loans receivables represent loans advanced to third-parties, which are secured by certain of the borrowers' inventories, properties and unlisted shares.
- (ii) As at 30 June 2026, included in the Group's factoring receivables balance are debtors with an aggregate carrying amount of RMB6,063,000 (31 December 2025: RMB4,166,000) which were past due for 90 days or more as at the reporting date. The directors of the Company are of the view that there has been no significant increase in credit risk nor default, as these factoring receivables are adequately secured by collateral with an aggregate carrying amount of approximately RMB13,634,000 (31 December 2025: RMB7,418,000), which is considered sufficient to cover the outstanding exposure.

Ageing analysis

As at the end of the reporting period, the ageing analysis of loans and factoring receivables, based on recognition date of loans and factoring receivables and net of loss allowance, is as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within 6 months	278,245	271,744
Over 6 months but within 12 months	25,280	382,657
Over 12 months	130,510	126,845
	434,035	781,246

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

11 TRADE AND OTHER PAYABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade and bills payables (i)	5,853,276	8,667,151
Receipts in advance (ii)	97,018	95,388
Other payables and accruals	3,901,617	3,916,920
	<u>9,851,911</u>	<u>12,679,459</u>

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within 6 months	4,725,266	7,226,843
Over 6 months but within 12 months	392,084	758,711
Over 12 months	735,926	681,597
	<u>5,853,276</u>	<u>8,667,151</u>

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Pledged bank deposits	<u>3,181,481</u>	<u>6,676,819</u>

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

12 INTEREST-BEARING BORROWINGS

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

		30 June 2026	31 December 2025
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current			
Bank loans and loans from other financial institutions	12(a)	4,746,160	4,868,612
Other loans	12(b)	3,040,204	3,040,604
Loans from an entity controlled by Ultimate Controlling Party	12(c)	20,000	20,000
Discounted bank acceptance bills	12(d)	1,582,149	3,815,320
		9,388,513	11,744,536
Non-current			
Bank loans and loans from other financial institutions	12(a)	1,516,323	1,877,955
Other loans	12(b)	777,433	777,433
		2,293,756	2,655,388
		11,682,269	14,399,924

(a) Bank loans and loans from other financial institutions

At 30 June 2026, the bank loans and loans from other financial institutions were repayable as follows:

	30 June 2026	31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year or on demand	4,746,160	4,868,612
After 1 year but within 2 years	275,823	377,155
After 2 years but within 5 years	1,240,500	1,500,800
	1,516,323	1,877,955
	6,262,483	6,746,567

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Secured/guaranteed	5,376,018	5,471,882
Unsecured	886,465	1,274,685
	<u>6,262,483</u>	<u>6,746,567</u>

- (ii) At 30 June 2026, certain bank loans and loans from other financial institutions of RMB1,653,073,000 (31 December 2025: RMB1,744,692,000) were guaranteed by corporate guarantees of certain of the Group's subsidiaries. The remaining bank loans and loans from other financial institutions of RMB3,722,945,000 (31 December 2025: RMB3,727,190,000) were secured by the following assets of the Group:

		30 June 2026 RMB'000	31 December 2025 RMB'000
	<i>Note</i>		
Pledged bank deposits		7,330	80,070
Other receivables	10	–	250
Investment properties and investment properties under development	8	12,821,419	14,463,461
Completed properties held for sale		173,137	173,179
Properties, plant and equipment	9	67,578	34,562
		<u>13,069,464</u>	<u>14,751,522</u>

- (iii) Bank loans and loans from other financial institutions bear fixed interest ranging from 2.11% to 10.8% per annum as at 30 June 2026 (31 December 2025: 2.11% to 12.00% per annum).
- (iv) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's subsidiaries' statement of financial position ratio; (2) restriction of profit distribution by certain of its subsidiaries; or (3) restriction of providing financial guarantees. These requirements are commonly found in lending arrangements with banks and financial institutions. If the Group was to breach such covenants, subject to the nature of the breach, the Group would be subject to penalty and the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders.

During the six months ended 30 June 2026, the Group breached certain terms of bank loans with carrying amount of RMB1,209,700,000 (31 December 2025: RMB1,209,700,000) as at 30 June 2026, primarily relating to the late repayment of the loan. The Group have informed the lenders and commenced renegotiation of the loan terms with the relevant lenders. As at 30 June 2026, such negotiations had not been concluded.

As the lenders have not agreed, as at the end of the reporting period, to waive its right to demand immediate repayment of the loans, the bank loans have been classified as current liability as at 30 June 2026.

(b) Other loans

As at 30 June 2026, other loans were repayable as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within one year or on demand	<u>3,040,204</u>	<u>3,040,604</u>
After 1 year but within 2 years	–	–
After 2 years but within 5 years	<u>777,433</u>	<u>777,433</u>
	<u>777,433</u>	<u>777,433</u>
	<u><u>3,817,637</u></u>	<u><u>3,818,037</u></u>

As at 30 June 2026, other loans were unsecured (31 December 2025: unsecured) and bear fixed interest ranging from 4.00% to 12.00% per annum (31 December 2025: 4.00% to 12.00% per annum).

During the six months ended 30 June 2026, the Group breached certain terms of loan from independent third parties with carrying amount of RMB1,814,663,000 (31 December 2025: RMB1,805,663,000) as at 30 June 2026, primarily relating to the late repayment of the loan. The Group have informed the lenders and commenced renegotiation of the loan terms with the relevant lenders. The Group had several borrowings with an aggregate principal amount of approximately RMB 1,056,999,000 that are contractually due for repayment on 30 June 2026. The Group is currently in discussions with the respective lenders to extend the repayment dates of these borrowings.

As at 30 June 2026, such negotiations had not been concluded. As the lenders have not agreed, as at the end of the reporting period, to waive its right to demand immediate repayment of the loans, the loans from independent third parties have been classified as current liability as at 30 June 2026.

- (c)** Loans from an entity controlled by the ultimate controlling party of the Company (“**Ultimate Controlling Party**”) are unsecured, interest-free and repayable on demand as at 30 June 2026 and 31 December 2025.

- (d) The Group has discounted bank acceptance bills of RMB1,582,149,000 as at 30 June 2026 (31 December 2025: RMB3,815,320,000). The directors of the Company believed that the Group still retains virtually all its risks and rewards, including the risk of default on discounted bank acceptance bills. Therefore, the Group continued to fully recognise the discounted instruments.

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

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

No final dividend in respect of the previous financial year was approved or paid during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

(b) Capital management

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

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

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

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

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Current liabilities:		
Interest-bearing borrowings	9,388,513	11,744,536
Lease liabilities	12,282	11,690
Non-current liabilities:		
Interest-bearing borrowings	2,293,756	2,655,388
Lease liabilities	22,865	23,920
Total debt	11,717,416	14,435,534
Less: Pledged bank deposits	(3,198,116)	(6,991,681)
Cash and cash equivalents	(862,883)	(1,509,853)
Adjusted net debts	7,656,417	5,934,000
Total equity attributable to equity shareholders of the Company	12,916,832	14,082,294
Adjusted net debt-to-capital ratio	59.27%	42.14%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Consumer product-focused wholesale trading

The Group's core project, North Hankou International Trade Center ("**North Hankou**"), had 32 large comprehensive clusters of specialized markets covering, among other things, branded clothing, small merchandise, hotel supplies, and secondhand vehicles. It had built commercial featured towns such as Flavor Town, Automobile Town and Flower Town, modern supply chain projects such as New Textile Wharf and Fisherman's Wharf, and commercial theme zones including Hankou Town, Universal Town, Wuhan 1980, Carnival Theme Park and the Coffee Street, and has established an efficient collaborative development model of "leading by major markets, supported by specialized markets, and driven by featured markets". North Hankou has grown into the only ultra-large integrated commercial market located in a provincial capital in China, and the largest-sized modern commercial logistics hub with the transaction value remaining ranking among the top three nationwide.

In the first half of 2026, North Hankou continued to deepen innovative transformation by focusing on three major strategic objectives: a nationally leading supply chain management center, world shopping park and business service-oriented national logistics hub. The Government Work Report of Hubei Province explicitly stated that "hosting Wuhan Commodities Fair to a high standard" was a key strategic initiative for accelerating the development of a new highland for inland opening-up. With the approval of the Hubei Provincial People's Government and the formal endorsement of the Leading Group of China (Hubei) Pilot Free Trade Zone, North Hankou, as the core platform of the commercial trade sector in Huangpi, has been selected to join the Wuhan Linked Innovation and Development Zone in the Hubei Pilot Free Trade Zone, undertaking the key task of leading the upgrading of the region's modern commercial trade industry. The Government Work Report of Wuhan City also mentioned "North Hankou" and related business sectors on several occasions, further highlighting the project's strategic value. In the first half of 2026, North Hankou was awarded honors such as "The Most Influential Brand Market in National Commodity Trade Markets 2025" and the "Model Market for Collaborative Development of Industrial Clusters in National Commodity Trade Markets 2025", further solidifying its position as an industry benchmark.

With the scenario upgrades, the industrial clustering effect has been further strengthened. North Hankou is focusing on introducing new business models and product categories to advance the upgrade of traditional trading venues towards comprehensive commercial platforms that integrate trading, services, experiences and lifestyle, attracting more and more leading enterprises in the industrial chain and emerging consumer brands. Men's apparel brands including JNVN and Poloshield, and women's apparel brands like PLAY, have moved into the Brand Clothing City, further enriching the lines of mid-to-high-end clothing supply; a group of fabric and accessory companies, including Qingyanliang, which originate from industrial clusters such as Keqiao and Shengze, have set up operations at New Textile Wharf, improving the supporting facilities of the textile and apparel industry chain; with the entry of Geely Galaxy in the Automobile Town, the number of Geely 4S stores in the market has increased to five, covering segmented markets including economical fuel vehicles, mainstream family new energy vehicles (NEVs), and mid-to-high-end NEVs; and several leading merchants in the Hotel Supplies City, such as Blue Mountain Coffee and Dongfang Yuchu, have completed multi-dimensional upgrades in product offerings, displays and operations.

Strengthening and clustering supply chains to build specialized vertical supply chains. Focusing on supplementing, extending and strengthening supply chains, North Hankou has built a modern circulation system that integrates centralized procurement from sources, warehousing and distribution, and end retail. North Hankou is accelerating the attraction and incubation of leading enterprises in the supply chain, covering core categories such as apparel and footwear, home furnishings and textiles, stationery and toys, and hardware and electromechanical products. The Flavor Town integrates high-quality source resources nationwide to establish a one-stop supermarket procurement service platform and set up an efficient circulation link directly from origin to supermarkets. The Flower Supply Chain has established the largest comprehensive flower trading base in Central China; the Seafood Supply Chain has built a supply chain system that spans from the sea to the market and from the source to the table by connecting with overseas source regions such as Malaysia; and the Chili Supply Chain has clustered 24 mainstream domestic and international product varieties, ranking first in Hubei Province in terms of trading volume, and serving as the core platform for the digital and scaled development of the chili industry in Central China.

Facilitating global trade and building a modern logistics hub. Adhering to its position as a commercial trade service hub, North Hankou Logistics Park focuses on the core strategy of empowering the development of the entire industrial chain and linking domestic and international dual circulations, and is committed to building a national demonstration model for the coordinated innovation of commercial trade logistics, a core organizing center for multimodal transport in Central China, and an integrated supply chain service base in the Wuhan Metropolitan Area. Meanwhile, the dedicated North Hankou Cargo Terminal, which is established through the strategic cooperation with SF Express Group, focuses on the fresh products transportation sector by leveraging the aviation hub resources, which has significantly enhanced the cross-border circulation efficiency of fresh products, and achieved efficient collection, distribution and rapid dispatch of high-quality fresh products.

Led by digital intelligence, building an online commerce and trade ecosystem. North Hankou is committed to building a trinity digital trade system integrating platforms, exhibitions and live streaming, which includes a self-operated supply chain matching platform “North Hankou Selections”, a comprehensive platform “North Hankou Mall” and an online digital platform “Hankou Commodities Fair”. In particular, the Hankou Commodities Fair digital platform integrates full-chain functions, including exhibitor and merchant invitations, trade matching, virtual exhibition tours, and cloud-based procurement, covering a diverse range of players including exhibitors, buyers and visitors, and forming a closed-loop digital exhibition ecosystem. North Hankou is vigorously building an online trading ecosystem that encompasses industrial bases, leading platforms, product selection centers, service institutions, industry live-streaming centers and a merchant live-streaming matrix. It has emerged as a live-streaming hub in Central China, characterized by an excellent industrial supporting environment, a high level of industrial concentration and significant industry influence.

Empowering through exhibitions to amplify the hub’s radiating influence. Adhering to a dual-track approach of “hosting exhibitions here and expanding new markets”, North Hankou utilizes professional, chain-integrated and digital exhibition platforms to connect upstream and downstream sectors of the industry, and expands the radiation scope of the commercial trade hub in Central China, to build a platform for aggregating trade resources. The North Hankou Spring Curtain Ordering Fair, themed “10,000 New Selections Direct from Source Origins”, gathered spring and summer new arrivals and proprietary brands from over 300 source enterprises, and attracted thousands of downstream purchasers from Hubei, Hunan, Jiangxi and Henan provinces to attend and make purchases. The North Hankou (Summer) Cultural Products Expo, featuring its core characteristics of “hot products driven, industry synergy and digital empowerment”, covered specialized buyer groups across Hubei Province and neighboring provinces and cities. Meanwhile, merchants from the North Hankou Hotel Supplies City made a presence at the 2026 China Food Ingredients E-commerce Festival, and nearly 40 merchants from the North Hankou Automobile Town showcased at the 2026 Central China International Auto Show.

Integrating culture, commerce and tourism to create an engine for consumption growth. Leveraging on its featured streets and themed towns, North Hankou has built a consumption matrix featuring “weekly themes and monthly hit products”, promoting the integrated development of “supporting culture by commerce, boosting tourism with culture and revitalizing commerce through tourism”, and expanding consumption scenarios to facilitate the development of Wuhan into an international consumption center. The North Hankou Spring Festival Goods Fair integrates diverse business formats, including markets, Lunar New Year traditions, arts and sports, featuring 100 themed booths and showcasing thousands of products, which allows people to immerse themselves in traditional Lunar New Year culture while shopping; the May Day Carnival, through collaboration among government, enterprises, merchants and industry associations, innovatively held a diverse range of activities to attract residents and visitors, thereby injecting new vitality into Wuhan’s holiday economy; capitalizing on Hubei’s summer consumption and night-time economy trends, the North Hankou Crayfish and Beer Festival integrated five experiences, namely night dining, night sightseeing, night shopping, night entertainment and night fitness, to create a new summer nighttime consumption benchmark for all age groups.

Supply Chain Management and Trading

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

Shenzhen Sinoagri E-commerce Co., Ltd. (“**Sinoagri**”), a large-scale B2B trading platform for agricultural products under the Group, serves as a comprehensive service platform for the entire agricultural industry chain. During the Reporting Period, the global macroeconomy was complicated and characterized by the interplay of monetary policy game and geopolitical conflicts. In the domestic sugar market, industrial inventories were higher than those in the same period of previous year due to bumper harvests in major producing regions, and coupled with weak consumption demand in the end market, the medium level of sugar price in the first half of the year decreased by approximately 12% year-on-year. Facing the pressures from the macroeconomic landscape and market environment, Sinoagri has closely adhered to its core strategic direction of “deepening our reach into productive services”, by shifting the focus of its business and resources toward the physical service section of the industrial chain, and actively optimizing its business structure and operation layout. During the Reporting Period, Sinoagri achieved a revenue of approximately RMB10.3 billion. Sinoagri strategically scaled down its revenue, while the gross profit margin improved as compared to the same period last year, rising from 0.34% to 0.60%. Sinoagri continued to expand its presence upstream in the industrial chain. By adopting digital planting and direct sourcing from global production regions, it has built a supply network with controllable costs and traceable origins, thereby strengthening its bargaining power in the industrial chain from the source. The online planting management platform for the sweetener segment has achieved full coverage of 12,000 acres of cooperative sugarcane planting bases. The system is equipped with four major AI capabilities and integrates with the fertigation system, increasing the fertilizer absorption rate to 65% per

application while reducing both fertilizer and labor costs by approximately 20%-30% per acre. The standardization and intelligent upgrades of the planting process have effectively achieved the development goals of high yield and high sugar content and ensured a stable supply of sugar sources. For the coffee segment, it continues to expand its network of direct sourcing from global production regions to include Indonesia and Kenya into its portfolio. Thanks to the benefits of Africa's duty-free policy for agricultural products, the segment has intensified the cooperation with production regions such as Ethiopia and Uganda to enhance its supply diversity and cost advantages. Meanwhile, it has optimized its domestic warehousing layout by establishing new cooperative green coffee bean warehouses in Huizhou, Guangdong and Baoshan, Yunnan, thereby improving response efficiency for regional customers. Leveraging its stable supply capabilities at the source, Sinoagri has signed annual green coffee bean procurement agreements with Luckin's three major roasting plants in China, with the order values totaling RMB20 million, and has successfully secured Baoshan Zhongka, Daka International and other large and medium-sized roasting plant customers. Focusing on high-value client groups in downstream food processing and the catering end market, the spices segment has successively developed a number of high-quality factory clients, including Guangxi La Zhi Du, Hunan Fengchu Food, Sichuan Mr. Xiao La and Liuzhou Jiuding Food. As for the rubber segment, it continued to deepen the strategic cooperation with leading companies in the industry, by jointly establishing warehouses with the top five natural rubber manufacturers in Yunnan, i.e. Manlie, Tianzheng, Tianye, Zeshan and Guangke, which has not only strengthened customer stickiness and the control over the sources, but also laid the foundation for the application of blockchain-based warehouse receipts. In terms of digital trade platform development, the sweetener segment continued to diversify its product matrix. The Mutian Mall has featured nearly 3,900 SKUs, and during the Reporting Period, added over 100 new customers, all of whom were converted into active customers, which steadily improved the customer base and service resilience; the rubber segment successfully launched the Zhongxiang Yinong Digital Trade Platform, and in the first month after which, it completed the online migration and registration of 142 customers, with monthly transaction volume exceeding 1,000 tonnes. Meanwhile, Sinoagri has launched an AI customer service agent, which enables intelligent self-service inquiries and business navigation, and provides dynamic market intelligence search, thereby overcoming the time and efficiency bottlenecks associated with traditional manual responses. The AI content management agent integrates market data from over 50 major agricultural commodity information websites, achieving 100% coverage of core product category information, which has effectively enhanced information acquisition efficiency and decision-making support capabilities.

HSH International Inc. (“**HSH**”), a subsidiary of the Company, is an integrated service platform focused on the plastics and chemical sector. Adopting an innovative “platform + supply chain services” model, it integrates cutting-edge digital technologies such as internet, big data, and artificial intelligence to launch a full-spectrum of supply chain products and services, including portfolio trading, smart front distribution logistics, digital intelligent warehousing, SaaS system customization, and integrated industrial and financial services. In 2026, the global chemical commodities market faced an adverse external environment, geopolitical conflicts disrupted the flow of raw materials and frequent maintenance shutdowns of refining and chemical facilities led to supply gaps. Short-term significant fluctuations in raw material prices became the norm, resulting in rising market risks regarding business capital, cargo ownership and credit generally. Adhering to the philosophy of “risk control for sustainable operations”, HSH took initiatives to scale down the overall transaction volume by adopting a strategic direction of “reducing volume and ensuring stability”, to hedge against systemic market risks through reduction of trading volume. The strategic focus of resources toward high-margin businesses also improved the gross profit margin during the Reporting Period to 0.58% from 0.14% in the same period last year. Meanwhile, HSH conducted a comprehensive review of the performance stability of upstream supplies, secured alternative supply channels, and developed response plans for price fluctuations, ensuring stable delivery of raw materials to downstream factories leveraging on its established supply chain channels. In terms of customer operations, HSH has comprehensively upgraded its customer management and service platform, by establishing a tiered and categorized tagging system for customers, which is able to accurately profile various customers from multiple dimensions such as industry, scale, demand, credit and purchase frequency. Based on these profiles, it provides differentiated pricing strategies, exclusive supply matching, customized logistics solutions and specialized supply assurance services, thereby transitioning from “standardized services” to “tailored solutions for each customer”. Through the system, HSH tracks changes in customer demand, order fulfillment status and service feedback in real time so as to address customers’ pain points, continuously enhance service stickiness and satisfaction, and solidify the foundation for long-term partnerships. In addition, as the industry’s first builder of a digital cloud factory for recycled plastics, HSH continued to actively advance the reuse of waste plastics, and promoted the efficient circulation and value creation of resources within the industry chain, to contribute to sustainable economic and environmental development. During the Reporting Period, the cumulative number of customers on the HSH platform reached 57,346, with an operating revenue of approximately RMB3.1 billion.

In the ferrous commodities sector, Shanghai Zall Steel E-commerce Co., Ltd. (上海卓鋼鏈電子商務有限公司) (“**Zall Steel**”), a subsidiary of the Company, has built a six-service ecosystem comprising smart trading, supply chain service, digital intelligent services, warehousing and Internet of Things, smart logistics, and data information, leveraging its core “Smart Trading” framework, supplemented by the dual engines of “Supply Chain Services + Technology Services”, which has enabled it to transform from a traditional steel trader to a comprehensive digital and intelligent industrial service provider. In the first half of 2026, as the domestic steel industry entered a period of profound structural adjustment, demand for steel in traditional sectors such as downstream infrastructure and real estate continued to weaken, and the recovery in the manufacturing sector was not as expected. In addition, international economic growth forecasts were revised downward, and the stronger U.S. dollar put downward pressure on commodity prices, constraining the overall demand for steel exports, thereby leading to a simultaneous decline of both domestic and international demand. Furthermore, as the proportion of steel mills supplying directly to end market continued to rise, coupled with increased fluctuations in the costs of raw materials such as iron ore and coke, the price spread in traditional steel trading circulation continued to narrow. Meanwhile, the competition in the digital and intelligent steel supply chain sector remained intensifying. The self-operated digital platforms of traditional steel trading platforms and large steel mills and third-party industrial internet companies are simultaneously expanding into integrated supply chain services, shifting the industry’s competitive focus from scale expansion to a competition of capabilities in respect of customized, digital and integrated comprehensive services. Meanwhile, due to shrinking industry profits, low-end construction clients and small and medium-sized retail customers have reduced their budgets and frequently changed service providers, leading to a noticeable loss of customers. Faced with these multiple pressures, Zall Steel proactively adjusted its business strategy and optimized its business structure, focusing resources on four high-end manufacturing sectors, i.e. automotive, power grids, energy storage and shipbuilding and offshore engineering, and leading customers, instead of expanding the scale of low-margin and homogenized basic steel trading operations, with an emphasis on developing high-value-added, customized and digital supply chain services. Zall Steel has achieved full-scenario digital coverage across the steel industry chain, and integrated the entire supply chain system encompassing SaaS, ERP, MES, WMS and TMS, so as to meet the diverse digital needs of large, medium and small manufacturers. The proprietary MES system has extended its reach into downstream end market, forming a new profit model of “system + ongoing operational services”, which has become Zall Steel’s core growth segment. As of 30 June 2026, Zall Steel has established 50 regional service centers nationwide, covering 32 provinces and more than 310 cities, with a total of 75,000 members. Five standardized processing plants are operating stably, and have provided support services for more than 700 people’s livelihood projects and key high-end manufacturing projects, continuously enhancing its industrial service coverage and the influence in the industry. In addition, Zall Steel’s warehousing and processing segment and the smart logistics platform “Xiaohuo Zhiyun” as well as the foreign trade business involving the re-export of welding wire from Vietnam to Taiwan are all operating steadily, while its overseas supply chain support services have been improving.

During the Reporting Period, Zall Steel generated operating revenue of approximately RMB5.0 billion and received numerous honors, including the 5A-Grade Supply Chain Service Enterprise by the China Federation of Logistics & Purchasing and Top 50 Modern Service Enterprises in Jiading District, Shanghai. Looking forward, Zall Steel will continue to deepen digital cooperation with major steel mills and special steel manufacturers, improve upstream data collection and customized production scheduling services, and consolidate its resource synergy advantages at the raw material end.

Since its launch in October 2018, the Commodities Intelligence Centre (“CIC”) has focused on the online trading of bulk commodities, utilizing blockchain technology as its underlying infrastructure to reduce international trade risks, enhance operational efficiency and provide one-stop solutions. In 2026, the global commodities market faced a complex landscape characterized by escalating geopolitical conflicts, slow macroeconomic growth, and severe divergence in commodity price trends. In particular, the copper experienced tight supply and demand with rising prices, while the iron saw strong supply and weak demand, putting downward pressure on prices. Crude oil prices experienced sharp fluctuations mainly due to geopolitical factors. Against this backdrop, CIC and the Company’s other subsidiaries in Singapore adapted to industry trends by pursuing a strategic shift from “scale expansion” to “resilience-oriented allocation”. They proactively streamlined the traditional businesses with low gross margins, resulting in a decline in operating revenue to approximately RMB15.1 billion during the Reporting Period. Therefore, the business structure has been optimized as compared to the same period last year, and both the gross profit margin and profit for the Reporting Period have been improved. The operation focus has also been shifted on reducing operational risks, enhancing counter-cyclical resilience and maintaining liquidity, with the goal of achieving long-term and high-quality development. Meanwhile, leveraging its platform’s accumulated data and blockchain technology over years, CIC has continuously improved the efficiency of value-added services, provided effective risk management, expanded procurement channels, reduced transaction costs, and enhanced transaction efficiency. As of June 2026, the CIC platform had accumulated 17,325 registered users and a total transaction volume exceeding USD45.5 billion, with primary trading categories including coal, nickel, copper, iron and electrolytic copper.

FUTURE PROSPECTS

Currently, digital trade has become a new trend in the development of international trade and a new growth driver of the global economy. Zall Smart is actively cultivating new productive forces, continuously improving its matrix of intelligent trading platforms, and deeply serving sectors such as agricultural products, chemicals and plastics, ferrous metals, wholesale markets and cross-border trading. It provides more than 300,000 enterprises with comprehensive digital services covering trading, warehousing, logistics, finance and supply chain management, thus helping to enhance the resilience and security of industrial and supply chains.

Going forward, Zall Smart will focus on technological innovation and industrial upgrading, continuously increasing research and development and scenario-based application of digital technologies such as AI to build a service system integrating “B2B trading services, supply chain services and digital technology cloud services”, comprehensively enhancing the coordination efficiency across trading, warehousing, logistics and capital, so as to help enterprises reduce costs, increase efficiency and improve quality. Additionally, the Company will leverage its industrial advantages and market demand to expand and strengthen vertical sectors, actively extending its reach along the industrial chain to ascend to the high-end of the value chain. This will continuously improve operational efficiency and core value of the industrial chain, creating differentiated core competitiveness. In the future, the Company will collaborate with ecosystem partners to create an open, collaborative, and mutually beneficial digital industrial ecosystem, contributing to the high-quality development of the industry.

INVESTMENT PORTFOLIO

The portfolio of listed equity investments of the Group as at 30 June 2026 and 31 December 2025 were as follows:

As at 30 June 2026

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount as at 30 June 2026 RMB'000	Unrealised holding gain arising on revaluation for the six months ended 30 June 2026 RMB'000	Realised holding gain arising on disposal for the six months ended 30 June 2026 RMB'000	Dividend received for the six months ended 30 June 2026 RMB'000
00607.HKEX	Fullshare Holdings Limited ("Fullshare")	3,275,250	0.51%	171,853	1,195	776	12,152	-

As at 31 December 2025

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount as at 31 December 2025 RMB'000	Unrealised holding loss arising on revaluation for the year ended 31 December 2025 RMB'000	Realised holding loss arising on disposal for the year ended 31 December 2025 RMB'000	Dividend received for the year ended 31 December 2025 RMB'000
00607.HKEX	Fullshare	11,819,250	1.86%	620,157	1,601	3,872	-	-

As at 30 June 2026, the Group held 3,275,250 (31 December 2025: 11,819,250) shares in Fullshare, representing approximately 0.51% of its entire issued share capital (31 December 2025: 1.86%). Fullshare is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its principal activities are property development and investment, tourism, investment and financial services, provision of healthcare and education products and services business and new energy business. The Group recognized an unrealised holding gain of approximately RMB0.8 million and realised holding gain of approximately RMB12.2 million for the six months ended 30 June 2026 (for the six months ended 30 June 2025: an unrealised holding loss of approximately RMB1.1 million and realised holding loss of Nil). The carrying amount of investment in Fullshare accounts for less than 0.01% of the Group's total assets as at 30 June 2026 (31 December 2025: less than 0.01%). The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

RESULTS OF OPERATION

Operating revenue

	Six months ended	
	30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers		
within the scope of IFRS 15		
Disaggregated by major products or service lines		
— Revenue from sales of properties and related services	33,438	45,952
— Revenue from supply chain management and trading business	36,726,098	90,693,400
— Others	53,788	40,175
	<u>36,813,324</u>	<u>90,779,527</u>
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	78,396	116,961
Financing income	13,376	24,987
	<u>36,905,096</u>	<u>90,921,475</u>

Revenue of the Group decreased by approximately 59.4% from approximately RMB90,921.5 million for the six months ended 30 June 2025 to approximately RMB36,905.1 million for the six months ended 30 June 2026. The decrease was primarily due to the decrease in revenue from supply chain management and trading business.

Revenue from supply chain management and trading business

The Group's revenue from supply chain management and trading business has contributed approximately 99.5% of the Group's total revenue for the six months ended 30 June 2026, and decreased by approximately 59.5% compared to that from the same period last year due to the decrease in the scale of supply chain management and trading business as the Group has strategically reduce the proportion of low-margin business and optimize its business structure to concentrate resources on high-value-added business during the Reporting Period.

Rental income from investment properties

The Group's rental income decreased from approximately RMB117.0 million for the six months ended 30 June 2025 to approximately RMB78.4 million for the six months ended 30 June 2026, primarily due to the decrease in both rented areas and unit rent during the Reporting Period.

Revenue from financing income

The Group's financing income decreased by approximately 46.5% from approximately RMB25.0 million for the six months ended 30 June 2025 to approximately RMB13.4 million for the six months ended 30 June 2026. The decrease was mainly due to the decrease in the scale of supply chain finance business of Sinoagri compared with that from the same period last year.

Revenue from sales of properties and related services

Revenue from the sale of properties and related services decreased by approximately 27.2% from approximately RMB46.0 million for the six months ended 30 June 2025 to approximately RMB33.4 million for the six months ended 30 June 2026.

The Group's revenue from sales of properties was generated from the sales of retail shops and auxiliary facilities units. The decrease in revenue from sales of properties was mainly due to the decrease in gross floor area delivered during the six months ended 30 June 2026.

Cost of sales

Cost of sales of the Group decreased by approximately 59.5% from approximately RMB90,644.1 million for the six months ended 30 June 2025 to approximately RMB36,682.0 million for the six months ended 30 June 2026, which was in line with the decrease in revenue.

Gross profit

Gross profit of the Group decreased by approximately 19.6% from approximately RMB277.3 million for the six months ended 30 June 2025 to approximately RMB223.1 million for the six months ended 30 June 2026. The Group's gross profit margin increased from approximately 0.3% in the first half of 2025 to approximately 0.6% in the first half of 2026. It was mainly attributable to the increase in the gross profit margin from the supply chain management and trading business for the six months ended 30 June 2026 as the Group has strategically reduce the proportion of low-margin business and optimize its business structure to concentrate resources on high-value-added business during the Reporting Period.

Other net income

Other net income of the Group increased by approximately 5.5% from approximately RMB19.1 million for the six months ended 30 June 2025 to approximately RMB20.1 million for the six months ended 30 June 2026. The increase was mainly attributable to the combined effect of (i) net gain in fair value change on listed equity securities of approximately RMB12.9 million for the six months ended 30 June 2026, compared to net loss of approximately RMB1.1 million for the six months ended 30 June 2025; (ii) net gain in fair value change on wealth management products and trust products of approximately RMB16.6 million for the six months ended 30 June 2025, while no loss or gain was recorded for the six months ended 30 June 2026; (iii) net loss in fair value change on forward contracts of approximately RMB12.2 million for the six months ended 30 June 2026, compared to net gain of approximately RMB2.8 million for the six months ended 30 June 2025; and (iv) the increase in government subsidies of approximately RMB7.3 million.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately 48.3% from RMB147.6 million for the six months ended 30 June 2025 to approximately RMB76.3 million for the six months ended 30 June 2026. The decrease was mainly due to (i) the decrease in promotion expense of approximately RMB45.1 million; (ii) the decrease in staff cost of approximately RMB10.4 million; and (iii) the decrease in logistics expense of approximately RMB10.3 million.

Administrative and other expenses

Administrative and other expenses of the Group decreased by approximately 18.2% from approximately RMB200.6 million for the six months ended 30 June 2025 to approximately RMB164.0 million for the six months ended 30 June 2026. The decrease was mainly due to (i) the decrease in staff cost of approximately RMB12.0 million; (ii) the decrease in professional fees of approximately RMB9.8 million; and (iii) the decrease in other general expense of approximately RMB9.0 million.

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

Impairment loss recognised under expected credit loss model of the Group for the six months ended 30 June 2026 was approximately RMB162.5 million, as compared to impairment loss reversed of approximately RMB18.1 million for the same period last year. The change was mainly caused by (i) an increase in impairment loss recognised on trade debtors and bills receivable of approximately RMB119.3 million; and (ii) impairment loss recognised on other receivables of approximately RMB33.2 million for the six months ended 30 June 2026, compared to impairment loss reversed of approximately RMB27.0 million for the six months ended 30 June 2025.

Net valuation (loss)/gain on investment properties

The Group holds a portion of properties which were developed for rental income and/or capital appreciation purposes. The Group's investment properties are revaluated at the end of the respective review period by an independent property valuer. The net valuation loss on investment properties was approximately 1,135.8 million for the six months ended 30 June 2026, compared to net valuation gain of approximately RMB305.7 million for the six months ended 30 June 2025. The change was mainly due to the decrease in expected occupancy rates coupled with a year-on-year decrease in income period, though there is valuation gain on additional properties transferred to investment properties for rental purpose during the Reporting Period. The Group will closely monitor the performance of its investment and adjust its investment plan when necessary.

Finance income and costs

Finance income of the Group decreased by approximately 34.0% from approximately RMB125.5 million for the six months ended 30 June 2025 to approximately RMB82.8 million for the six months ended 30 June 2026. The decrease was mainly attributable to the decrease in bank deposits.

Finance cost of the Group increased by approximately 20.8% from approximately RMB293.8 million for the six months ended 30 June 2025 to approximately RMB354.8 million for the six months ended 30 June 2026. The increase was mainly caused by the combined effect of (i) the increase in interest on interest-bearing borrowings of approximately RMB49.4 million; and (ii) the decrease in amounts capitalised into properties under development of approximately RMB21.3 million.

Share of net profits/(losses) of associates

Share of net profits of associates was approximately RMB2.2 million for the six months ended 30 June 2026, compared to net losses of approximately RMB4.8 million for the six months ended 30 June 2025. The change was mainly attributed to the combined effect of increase in net profits of one associate and decrease in losses of certain associates during the period.

Share of net profits of joint ventures

Share of net profits of joint ventures of the Group slightly increased from approximately RMB7.4 million for the six months ended 30 June 2025 to approximately RMB8.1 million for the six months ended 30 June 2026. The increase was mainly attributed to the increase in profits of one joint venture during the period.

Income tax

Income tax credit for the six months ended 30 June 2026 was approximately RMB355.5 million, compared to income tax expense of approximately RMB36.6 million for the six months ended 30 June 2025. The change was mainly due to deferred tax credit recognised on net valuation loss on investment properties and impairment loss recognised under expected credit loss model, net of reversal.

(Loss)/profit for the period

For the six months ended 30 June 2026, the Group recorded a net loss of approximately RMB1,202.9 million, compared to net profit of approximately RMB70.0 million for the six months ended 30 June 2025.

Liquidity and capital resources

As at 30 June 2026, the Group had net current liabilities of approximately RMB7,366.5 million (31 December 2025: approximately RMB6,093.0 million) and net assets of approximately RMB13,183.9 million (31 December 2025: approximately RMB14,405.6 million). Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position, for instance, by implementing various strategies to reduce operating costs and improve the Group's income from supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and delaying the payment of overdue interests, and considering raising additional capital by bank borrowings and disposing of non-core businesses and assets, where appropriate. As at 30 June 2026, equity attributable to equity shareholders of the Company amounted to approximately RMB12,916.8 million (31 December 2025: approximately RMB14,082.3 million), comprising issued capital of approximately RMB34.5 million (31 December 2025: approximately RMB34.5 million) and reserves of approximately RMB12,882.4 million (31 December 2025: approximately RMB14,047.8 million).

Cash position and treasury policies

The Group's cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC. As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB862.9 million (31 December 2025: approximately RMB1,509.9 million). The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group by taking into consideration of the changes in economic conditions, future capital requirements and projected strategic investment opportunities.

Interest-bearing borrowings

The Group's total interest-bearing borrowings decreased by approximately 18.9% from approximately RMB14,399.9 million as at 31 December 2025 to approximately RMB11,682.3 million as at 30 June 2026. Majority of the interest-bearing borrowings were denominated in RMB, being the functional currency of the Group. Details of the interest rates and the maturity profile of borrowings during the six months ended 30 June 2026 are set out in note 12 to the unaudited condensed consolidated interim results of the Company in this announcement.

Net gearing ratio

The Group's net gearing ratio increased from approximately 42.1% as at 31 December 2025 to approximately 59.3% as at 30 June 2026. The increase in net gearing ratio was mainly due to the increase in the amount of adjusted net debts, where pledged bank deposits and cash and cash equivalents decreased by approximately 52.2% while total interest-bearing borrowings also decreased by approximately 18.9%. The net gearing ratio is calculated by dividing interest-bearing borrowings and lease liabilities net of cash and cash equivalents and pledged bank deposits, by total equity attributable to equity shareholders of the Company.

Foreign exchange risk

The Group's sales were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Board expects any future exchange rate fluctuation will not have any material effect on the Group's business. As at 30 June 2026, the Group did not use any financial instruments for hedging purpose. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on assets

As at 30 June 2026, the Group had pledged certain of its assets with a total book value of approximately RMB14,651.6 million (31 December 2025: approximately RMB18,566.8 million) and a total book value of approximately RMB3,181.5 million (31 December 2025: approximately RMB6,676.8 million) for the purpose of securing certain of the Group's interest-bearing borrowings and bills payables respectively.

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

The Group had no material acquisition or disposal of subsidiaries, associated companies and/or joint ventures during the six months ended 30 June 2026. The Group will continue to seek opportunities to sell non-core assets and businesses to enhance liquidity and devote investment resources to core businesses.

Significant investments held

Particulars of major properties (investment properties) of the Group as at 30 June 2026 are set out in note 8 to the unaudited condensed consolidated interim results of the Company in this announcement.

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

Save as disclosed above, the Group did not have other significant investments and future plans for the six months ended 30 June 2026.

Segment reporting

Details of the segment reporting of the Group for the six months ended 30 June 2026 are set out in note 3 to the unaudited condensed consolidated interim results of the Company in this announcement.

Contingent liabilities

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

As at 30 June 2026, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to approximately RMB59.6 million (31 December 2025: approximately RMB156.5 million). As at 30 June 2026, the Group provided financial guarantees to third parties of approximately RMB545.7 million (31 December 2025: approximately RMB547.0 million).

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued a number of amendments to International Financial Reporting Standards that are first effective for the accounting period of six months ended 30 June 2026. For details, please refer to note 2 to the unaudited condensed consolidated interim results of the Company in this announcement.

EVENTS AFTER REPORTING PERIOD

Up to the date of this announcement, there are no material events affecting the Group which have occurred after the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group employed a total of 1,292 (30 June 2025: 1,558) full time employees. Remuneration for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2026, the employee benefit expenses were approximately RMB124.3 million (for the six months ended 30 June 2025: approximately RMB146.4 million).

The Group has also adopted a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group’s operations. The Share Option Scheme has expired on 20 June 2021. In relation to the Share Option Scheme, 15,547,407 share options were outstanding as at 30 June 2026, no share option was lapsed, exercised or cancelled under the Share Option Scheme during the period. The Company has approved and adopted a new share option scheme (the “**2021 Share Option Scheme**”) on 28 May 2021 to continue the grant of share options to eligible participants as incentives of rewards for their contribution or potential contribution to the Group. As at 30 June 2026, no share option had been granted under the 2021 Share Option Scheme.

The Group has also adopted a share award scheme (the “**Share Award Scheme**”) on 10 December 2021 to recognise the contributions by any employees (including without limitation any director) of any member of the Group, who the administration committee of the Board considers, in their absolute discretion, to have contributed or will contribute to the Group, and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. During the six months ended 30 June 2026, no awarded shares were granted, vested, cancelled or lapsed under the Share Award Scheme.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its corporate governance code of practices. In the opinion of the Board, the Company had complied with all the code provisions as set out in the CG Code throughout the six months ended 30 June 2026, save as below:

1. code provision F.1.3 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Yan Zhi (Chairman of the Board and co-chief executive officer) was unable to attend the annual general meeting of the Company (the “**2026 AGM**”) held on 28 May 2026. Mr. Qi Zhiping (an executive Director and co-chief executive officer) was elected, and he took the chair at the 2026 AGM in accordance with Article 63 of the Articles of Association of the Company.
2. code provision B.2.4(b) of the CG Code stipulates that where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. Since 10 March 2026, all of the independent non-executive Directors have served the Board for more than nine years. As at the date of this announcement, the Company is still in the course of identifying a suitable candidate to be appointed as an additional independent non-executive Director. The Company will continue to use its best efforts to ensure that a suitable candidate be appointed as soon as practicable in order to comply with code provision B.2.4(b) of the CG Code. Further announcement will be made by the Company as and when appropriate.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as the code for dealing in securities of the Company by the Directors during the six months ended 30 June 2026. The Board confirms that, having made specific enquiries with each of the Directors, all Directors have complied with the required standards of the Model Code during the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF THE INTERIM RESULTS

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

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2026. The Audit Committee has reviewed with the management of the Company and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risks management and financial reporting matters of the Group.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.zallcn.com>. The interim report for the six months ended 30 June 2026 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 31 August 2026

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