ZALL 卓尔智联

**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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board (the "**Board**") of directors (the "**Directors**") of Zall Smart Commerce Group Ltd. (the "**Company**" or "**Zall Smart**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 as follows:

## FINANCIAL HIGHLIGHTS

*For the year ended 31 December 2024*
*(Expressed in Renminbi)*

| | | 2024 | 2023 |
|---|---|---|---|
| | | *RMB'000* | *RMB'000* |
| Revenue | | **162,359,281** | 125,290,479 |
| Gross profit | | **698,971** | 846,638 |
| Profit for the year | | **93,361** | 65,676 |
| Earnings per share | — Basic (RMB cents) | **1.04** | 0.41 |
| | — Diluted (RMB cents) | **1.04** | 0.41 |
| Total non-current assets | | **26,866,732** | 26,296,774 |
| Total current assets | | **42,618,024** | 37,481,900 |
| Total assets | | **69,484,756** | 63,778,674 |
| Total non-current liabilities | | **7,798,716** | 9,259,669 |
| Total current liabilities | | **47,343,087** | 40,312,320 |
| Total liabilities | | **55,141,803** | 49,571,989 |
| Net assets | | **14,342,953** | 14,206,685 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2024*

*(Expressed in Renminbi)*

| | Note | **2024** | 2023 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Revenue** | *4(a)* | **162,359,281** | 125,290,479 |
| Cost of sales | | **(161,660,310)** | (124,443,841) |
| **Gross profit** | | **698,971** | 846,638 |
| Other net income/(loss) | *5* | **88,616** | (38,647) |
| Selling and distribution expenses | | **(266,918)** | (263,160) |
| Administrative and other expenses | | **(431,311)** | (448,315) |
| Impairment loss recognised under expected credit loss model, net of reversal | *6(b)* | **(232,661)** | (104,554) |
| Net valuation gain on investment properties | | **629,380** | 470,456 |
| Net gain on disposal of a subsidiary | | **16,364** | 41,312 |
| Net gain on disposal of associates | | **69,961** | – |
| **Profit from operations** | | **572,402** | 503,730 |
| Finance income | *6(a)* | **286,804** | 324,345 |
| Finance costs | *6(a)* | **(621,213)** | (619,563) |
| Share of net profits of associates | | **8,916** | 9,191 |
| Share of net profits/(losses) of joint ventures | | **11,640** | (735) |
| **Profit before taxation** | *6* | **258,549** | 216,968 |
| Income tax expense | *7* | **(165,188)** | (151,292) |
| **Profit for the year** | | **93,361** | 65,676 |
| **Profit for the year attributable to:** | | | |
| Equity shareholders of the Company | | **128,953** | 50,915 |
| Non-controlling interests | | **(35,592)** | 14,761 |
| | | **93,361** | 65,676 |
| **Earnings per share (RMB cents)** | | | |
| — Basic and diluted | *8* | **1.04** | 0.41 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*
*(Expressed in Renminbi)*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit for the year** | **93,361** | 65,676 |
| **Other comprehensive income for the year** | | |
| *Item that may be reclassified subsequently to profit or loss:* | | |
| — Exchange differences on translation of foreign operations, net of nil tax | **17,752** | 1,288 |
| Other comprehensive income for the year | **17,752** | 1,288 |
| **Total comprehensive income for the year** | **111,113** | 66,964 |
| **Total comprehensive income for the year attributable to:** | | |
| Equity shareholders of the Company | **146,956** | 52,203 |
| Non-controlling interests | **(35,843)** | 14,761 |
| | **111,113** | 66,964 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

*(Expressed in Renminbi)*

| | Note | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | **24,879,292** | 24,466,240 |
| Property, plant and equipment | | **336,042** | 348,144 |
| Intangible assets | | **416,889** | 428,286 |
| Goodwill | | **251,498** | 251,498 |
| Interests in associates | | **343,512** | 282,648 |
| Interests in joint ventures | | **30,113** | 18,495 |
| Equity investments at fair value through other comprehensive income | | **80,408** | 3,000 |
| Contract assets | | **30,564** | 30,418 |
| Deferred tax assets | | **498,414** | 468,045 |
| | | **26,866,732** | 26,296,774 |
| **Current assets** | | | |
| Inventories | | **3,975,854** | 4,779,687 |
| Trade and other receivables | *10* | **26,286,928** | 20,055,402 |
| Financial assets at fair value through profit or loss | | **37,788** | 264,416 |
| Amounts due from related parties and non-controlling shareholders of subsidiaries | | **729,527** | 924,025 |
| Prepaid taxes | | **27,903** | 34,066 |
| Pledged bank deposits | | **10,014,072** | 9,641,308 |
| Cash and cash equivalents | | **1,545,952** | 1,782,996 |
| | | **42,618,024** | 37,481,900 |

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | *11* | **18,755,310** | 17,927,188 |
| Contract liabilities | | **14,924,656** | 10,395,307 |
| Lease liabilities | | **6,901** | 17,081 |
| Amounts due to related parties and non-controlling shareholders of subsidiaries | | **1,523,142** | 1,020,646 |
| Interest-bearing borrowings | | **11,568,152** | 10,405,065 |
| Current taxation | | **564,926** | 547,033 |
| | | **47,343,087** | 40,312,320 |
| **Net current liabilities** | | **(4,725,063)** | (2,830,420) |
| **Total assets less current liabilities** | | **22,141,669** | 23,466,354 |
| **Non-current liabilities** | | | |
| Interest-bearing borrowings | | **3,263,285** | 4,863,205 |
| Deferred income | | **1,864** | 3,296 |
| Lease liabilities | | **22,826** | 16,902 |
| Deferred tax liabilities | | **4,510,741** | 4,376,266 |
| | | **7,798,716** | 9,259,669 |
| **NET ASSETS** | | **14,342,953** | 14,206,685 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *12* | **34,454** | 34,454 |
| Reserves | | **13,916,763** | 13,769,807 |
| **Total equity attributable to equity shareholders of the Company** | | **13,951,217** | 13,804,261 |
| Non-controlling interests | | **391,736** | 402,424 |
| **TOTAL EQUITY** | | **14,342,953** | 14,206,685 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

### 1. STATEMENT OF COMPLIANCE

The annual result set out in the announcement are extracted from the Group's consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;

— financial assets at fair value through profit or loss or other comprehensive income;

— derivative financial instruments; and

— contingent considerations recognised in business combinations.

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand. Items included in the financial statements of each entity in the Group are measured using currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). Most of the companies comprising the Group are operating in the People's Republic of China (the "**PRC**") and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group had net current liabilities of approximately RMB4,725,063,000 as at 31 December 2024. 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 limit to the following:

— the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows;

— the Group is actively and regularly reviewing its capital structure, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by share placement, where appropriate; and

— the Group plans to further dispose of certain non-core business and assets to raise additional working capital.

In addition, bank loans and loans from other financial institutions of RMB5,124,272,000 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 at 31 December 2024. The Group considered it has sufficient collateral to support 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. In making this assessment, the Group has considered, among other things, the nature, value and 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 consolidated financial statements have 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 operate 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 consolidated financial statements.

## 3. ADOPTION OF NEW AND AMENDED STANDARDS

### (a) New and amendments to IFRSs that are mandatorily effective for the current year

***Amendments to IFRS Accounting Standards that are mandatorily effective for the current year***

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

***New and amendments to IFRS Accounting Standards in issue but not yet effective***

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IAS 21 and IFRS 1, "Lack of exchangeability", effective for annual periods beginning on or after 1 January 2025

- Amendments to IFRS 9 and IFRS 7, "Amendments to the classification and measurement of financial instruments", effective for annual periods beginning on or after 1 January 2026

- Amendments to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity", effective for annual periods beginning on or after 1 January 2026

- Amendments to IFRS Accounting Standards, "Annual improvements to IFRS Accounting Standards – Volume 11", effective for annual periods beginning on or after 1 January 2026

- IFRS 18, "Presentation and disclosure in financial statements", effective for annual periods beginning on or after 1 January 2027

- Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture", effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

***IFRS 18 Presentation and Disclosure in Financial Statements***

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

## 4. 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 PRC, and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for both online and offline customers. Further details regarding the Group's principal activities are disclosed in note 4(b).

*(i)* ***Disaggregation of revenue***

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

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Revenue from contracts with customers within the scope of IFRS 15:** | | |
| Disaggregated by major products or service lines | | |
| — Revenue from sale of properties and related services | **243,246** | 157,657 |
| — Revenue from supply chain management and trading business | **161,735,969** | 124,691,353 |
| — Others | **22,421** | 42,948 |
| | **162,001,636** | 124,891,958 |
| **Revenue from other sources** | | |
| Gross rentals from investment properties | | |
| — Lease payments that are fixed | **235,643** | 283,506 |
| Finance income | **63,505** | 59,262 |
| Others | **58,497** | 55,753 |
| | **162,359,281** | 125,290,479 |

| | | |
|---|---|---|
| **Revenue from contracts with customers within the scope of IFRS 15:** | | |
| **By geographical markets:** | | |
| – The PRC | **121,333,983** | 116,439,424 |
| – Singapore | **40,667,653** | 8,452,534 |
| Total | **162,001,636** | 124,891,958 |
| **Timing of revenue recognition:** | | |
| – At point in time | **161,881,675** | 124,776,283 |
| – Over time | **119,961** | 115,675 |
| Total | **162,001,636** | 124,891,958 |

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 year ended 31 December 2024 (2023: nil).

**(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-focus wholesale shopping malls and provides related value-added business, 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 trading-related supply chain financial services.

***(i) Segment results***

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

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 years ended 31 December 2024 and 2023 is set out below.

| | Property development and related services | | Supply chain management and trading | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| **Reportable segment revenue** | **478,890** | 441,163 | **161,857,970** | 124,806,368 | **162,336,860** | 125,247,531 |
| **Reportable segment profit/(loss)** | **56,848** | 77,071 | **(280,154)** | (41,699) | **(223,306)** | 35,372 |

*(ii)* ***Reconciliation of reportable segment revenues and profit or loss***

**Revenue**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Reportable segment revenue | **162,336,860** | 125,247,531 |
| Other revenue | **22,421** | 42,948 |
| Consolidated revenue *(note 4(a))* | **162,359,281** | 125,290,479 |

**Profit**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Reportable segment (loss)/profit | **(223,306)** | 35,372 |
| Other net income/(loss) | **88,616** | (38,647) |
| Net valuation gain on investment properties | **629,380** | 470,456 |
| Net gain on disposal of subsidiaries | **16,364** | 41,312 |
| Net gain on disposal of associates | **69,961** | – |
| Finance income | **286,804** | 324,345 |
| Finance costs | **(621,213)** | (619,563) |
| Share of net profits of associates | **8,916** | 9,191 |
| Share of net profit/(loss) of joint ventures | **11,640** | (735) |
| Unallocated head office and corporate income/ (expenses) | **(8,613)** | (4,763) |
| Consolidated profit before taxation | **258,549** | 216,968 |

## 5. OTHER NET INCOME/(LOSS)

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Net fair value changes on financial instruments at fair value through profit or loss | | |
| — listed equity securities | **(1,275)** | (49,399) |
| — wealth management products and trust products | **814** | (15,878) |
| — forward contracts | **44,582** | (3,117) |
| — contingent consideration | **4,156** | (8,839) |
| | **48,277** | (77,233) |
| Government subsidies | **33,005** | 30,046 |
| Others | **7,334** | 8,540 |
| | **88,616** | (38,647) |

## 6. PROFIT BEFORE TAXATION

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

### (a) Finance (income)/costs

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Finance income** | | |
| Interest income from bank deposits | **(286,804)** | (324,345) |
| **Finance costs** | | |
| Interest on interest-bearing borrowings | **393,543** | 487,874 |
| Interest on lease liabilities | **800** | 1,162 |
| Other borrowing costs | **2,988** | 5,150 |
| Less: Amounts capitalised into properties under development for sale* | **(69,323)** | (83,207) |
| | **328,008** | 410,979 |
| Bank charges and others | **301,272** | 213,484 |
| Net foreign exchange gains | **(8,067)** | (4,900) |
| | **621,213** | 619,563 |

* The borrowing costs have been capitalised at 9.37%–9.98% (2023: 8.95%–9.98%) per annum for the year ended 31 December 2024.

**(b) Impairment loss recongised under expected credit loss model, net of reversal**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Impairment losses (reversed)/recognised under expected credit loss model | | |
| — trade debtors and bills receivable | **(4,364)** | 3,080 |
| — rental receivables | **187,081** | 124,076 |
| — loans and factoring receivables | **11,512** | 3,964 |
| — other receivables | **34,193** | (26,217) |
| — advance to suppliers | **4,239** | (349) |
| | **232,661** | 104,554 |

**(c) Other items**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amortisation of intangible assets | **41,191** | 45,180 |
| Depreciation | | |
| — property, plant and equipment (other than right-of-use assets) | **11,544** | 16,908 |
| — right-of-use assets | **32,754** | 32,241 |
| | **44,298** | 49,149 |
| Staff costs | | |
| — Salaries, wages and other benefits | **294,830** | 299,040 |
| — Contributions to defined contribution retirement plans | **21,004** | 17,429 |
| | **315,834** | 316,469 |
| Auditor's remuneration | | |
| — audit services | **4,000** | 4,200 |
| Research and development costs (included in administrative and other expenses) | **15,434** | 12,009 |
| Rentals receivable from investment properties less direct outgoings of RMB2,230,000 (2023: RMB2,550,000) | **(233,413)** | (280,956) |
| Cost of commodities sold | **161,533,237** | 124,307,321 |
| Cost of properties sold | **80,850** | 27,000 |

## 7. INCOME TAX

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| PRC Corporate Income Tax ("**PRC CIT**") | **43,727** | 76,689 |
| PRC Land Appreciation Tax ("**PRC LAT**") | **7,034** | 4,633 |
| | **50,761** | 81,322 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **114,427** | 69,970 |
| | **165,188** | 151,292 |

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to ordinary equity shareholders of the Company of approximately RMB128,953,000 (2023: approximately RMB50,915,000) and the weighted average of 12,399,506,000 (2023: 12,394,190,000) ordinary shares in issue during the year, calculated as follows:

***Weighted average number of ordinary shares***

| | **2024** | 2023 |
|---|---|---|
| | ***'000*** | *'000* |
| Issued ordinary shares at 1 January | **12,399,506** | 12,399,506 |
| Effect of shares issued under Management Shares Award Scheme | **–** | (5,316) |
| Weighted average number of ordinary shares at 31 December | **12,399,506** | 12,394,190 |

### (b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding due to outstanding share options, because the exercise price of those options was higher than the average market price for ordinary shares during 2023 and 2024.

## 9. DIVIDENDS

No dividend was paid or proposed for equity shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 10. TRADE AND OTHER RECEIVABLES

| | Note | **2024** | 2023 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Trade receivables, net of loss allowance | *10(a)* | **8,725,888** | 7,851,883 |
| Loans and factoring receivables, net of loss allowance | *10(b)* | **1,282,860** | 1,111,397 |
| | | **10,008,748** | 8,963,280 |
| Advances to suppliers | | **13,981,971** | 9,668,556 |
| Other receivables, deposits and prepayments | | **2,296,209** | 1,423,566 |
| | | **26,286,928** | 20,055,402 |

As at 31 December 2024, other receivables of RMB8,250,000 (2023: RMB28,770,000) were pledged as collateral for the Group's interest-bearing borrowings.

### (a) Ageing analysis of trade receivables

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 6 months | **7,739,161** | 6,936,283 |
| Over 6 months but within 12 months | **821,325** | 675,199 |
| Over 12 months | **165,402** | 240,401 |
| | **8,725,888** | 7,851,883 |

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**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Secured loans receivables, net of loss allowance *(Note)* | **1,106,477** | 929,178 |
| Factoring receivables, net of loss allowance | **176,383** | 182,219 |
| | **1,282,860** | 1,111,397 |

*Note:* Secured loans receivables represent loans advanced to associates and third parties which are secured by the borrowers' inventories, properties or unlisted shares.

***Ageing analysis***

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:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 6 months | **1,077,822** | 852,958 |
| Over 6 months but within 12 months | **117,935** | 89,587 |
| Over 12 months | **87,103** | 168,852 |
| | **1,282,860** | 1,111,397 |

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

## 11. TRADE AND OTHER PAYABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade and bills payables (i) | **14,779,661** | 13,961,086 |
| Receipts in advance (ii) | **76,313** | 74,770 |
| Other payables and accruals | **3,899,336** | 3,891,332 |
| | **18,755,310** | 17,927,188 |

The amount of receipts in advance expected to be settled after one year is approximately RMB6,871,000 (2023: RMB11,004,000). All of the other trade and other payables are expected to be settled within one year or repayable on demand.

(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:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 6 months | **13,737,077** | 11,750,708 |
| Over 6 months but within 12 months | **727,534** | 1,218,824 |
| Over 12 months | **315,050** | 991,554 |
| | **14,779,661** | 13,961,086 |

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

## 12. SHARE CAPITAL

**Share capital**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | Number of shares | Amount |
| | ***('000)*** | ***HK$'000*** | *('000)* | *HK$'000* |
| **Authorised:** | | | | |
| Ordinary shares of HK$0.00333 each | **24,000,000** | **80,000** | 24,000,000 | 80,000 |
| **Ordinary shares, issued and fully paid:** | | | | |
| At 1 January and 31 December | **12,399,506** | **41,329** | 12,399,506 | 41,329 |
| | | ***RMB'000*** | | *RMB'000* |
| Shown on the consolidated financial statements | | **34,454** | | 34,454 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the auditor of the Company, Baker Tilly Hong Kong Limited:

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements which indicates that the Group had net current liabilities of approximately RMB4,725,063,000 as at 31 December 2024. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Consumer product-focused wholesale trading

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

In 2024, North Hankou focused on the optimization and upgrade of the commodity market, deepened the integration of digital technology and real economy, exhibition and trade, domestic and foreign trade, and culture, business and tourism, and deeply connected with the source industry chain and the end consumption chain, as well as vigorously developed the new mode of "industry integration, experiential consumption, trade digitization, supply chain services and new foreign trade forms", so as to build a national important base for the integration of the commodity supply chain. The 2024 Hubei Provincial Government Work Report mentioned that North Hankou had "successfully hosted more than 60 international and national events including the Wuhan Commodities Fair", and the 2024 Wuhan Government Work Report mentioned that "further promote the pilot market procurement project at North Hankou". North Hankou was awarded the honorary titles as "2023 National Commodity Exchange Market Supply Chain Innovation Demonstration Market", the "Fourth Batch of Provincial Featured Commercial Streets in Hubei Province" and the "Grade-A E-commerce Live Streaming Cluster in Wuhan".

By integrating digital technology and real economy we made every effort to build the foundation of digital economy. In 2024, North Hankou continued to expand the industry clusters in physical markets. Well-known clothing brands such as FenTeng, Semir, and Huayi Brothers (華一兄弟), a leading Han-style clothing brand, settled in the Branded Garment City; the brand Jin Hao Ming (金豪銘) stationed in the Hotel Supplies City; Meishuchen (美舒臣), Lingpu Smart Home (領普智能家居), Pimengsi Home (皮夢斯家居), etc. entered the Dream Home Customization City; Panasonic, a high-end brand, and Jipin Orange (吉品橙), a niche brand, opened new stores in the Hardware and Electrical City; 18 additional merchants including Taiqiu (太球) and Diaowang Family (貂王世家) stationed in the Haining Leather Plaza; and the directly operated shop of Dongfeng Yipai, SAIC MG 4S shop and the Dongfeng Zhuolian flagship store were set up in the Automobile Town. In addition, the well-known consumer brands including Gongniu, Luolai, Mengjie and Yalu, the chain coffee brand Starbucks, the first Courtyard by

Marriott of Marriott International Group in Wuhan, Jinjiang City Hotel under Jinjiang International Group, the Forwarding Station in Wuhan of SF Express, the Xiangyu Cross-border Trade Public Service Platform and Industry Development Base in Hubei, Wuhan Lingxiu Supermarket and etc. have established their presence in North Hankou. At North Hankou, the diversified consumption scenarios have been upgraded in all respects, with new forces converging into a chain, resulting in an increasingly robust industrial ecosystem, which has demonstrated a strong development trend. Meanwhile, North Hankou's Digital Management Platform 2.0 has been officially launched, which manages market properties based on the grid utilizing big data, cloud computing, IoT and other information technologies, establishes label portraits for merchants and increases decision-making accuracy and operational efficiency through data analysis, opening up a new chapter for the construction of "Smart North Hankou". In addition, North Hankou continued to explore the live streaming economy format of "market + supply chain + live streaming + warehousing and distribution", by organizing a series of events, i.e. the "I Bring Good Products to Hubei" live streaming carnival and online shopping festival featuring brand and quality. It successfully launched the first "Huafang Cup (華紡杯)" livestreaming e-commerce competition and collaborated with 30 major professional markets to hold the "North Hankou 618 Good Products Festival". The digital and intelligent trade operations at North Hankou are showing rapid growth trends.

The integration of exhibition and trade continued to strengthen and expand the Wuhan Commodities Fair. From 12 to 18 November 2024, the 2024 Wuhan (North Hankou) Commodities Fair was held at North Hankou, at which the leaders of Hubei Province attended and announced its opening, and eight large-scale exhibitions were held concurrently, namely the Textile and Apparel Industry Fair, the ASEAN Agricultural Products Fair, the Wuhan Digital Service Trade Industry Fair, the Hotel Supplies Trade Fair, the International Home Furnishings Exhibition, and the Wuhan Stationery Exhibition. For the first time, the Fair set up the pavilions for industry internet and intelligent manufacturing, which attracted a number of diplomatic envoys, heads of chambers of commerce and associations, entrepreneurs, experts and specialists as well as domestic and foreign enterprises for participation, making it become the Top Exhibition of Dual Circulation in China and an international trade fair for "buying globally and selling globally" with the largest scale, the highest level, and the most fruitful achievements among those that have ever been held in history. In 2024, North Hankou has successively held exhibitions and sales activities such as the 2024 North Hankou New Year Goods Festival, the 2024 North Hankou Curtain Industry Spring Ordering Fair, and the 2024 North Hankou Summer Cultural Products Fair, further enhancing the industry exhibition brands.

The integration of domestic and foreign trade is achieved by actively establishing a demonstration zone for integrated domestic and foreign trade. In 2024, North Hankou opened up an import and export trade channel leveraging the advantages of Huahu Airport as an aviation hub. Black tiger prawns, king crabs, Australian lobsters, abalones and other seafood with higher performance-price ratio have become hot sellers in the market. The ASEAN Chain Business Federation and other organizations signed import and export cooperation agreements with the Group, further expanding the domestic and foreign trade channels and service systems at North Hankou.

The integration of culture, business and tourism is achieved by building a world shopping park of high quality. In 2024, North Hankou organized the "North Hankou Colorful Carnival" event relying on its featured commercial towns and themed streets, which provided one-stop experiences of RV camping, hot air ballooning, go-kart drifting, "Treasure Hunt Track" and etc.. One-stop "visit, shopping and play" at North Hankou has become a new type of consumption.

The supply chain systems at North Hankou are thriving. In particular, the Textile Wharf has gathered products from over 1,000 domestic and foreign fabric source manufacturers; the dry spice delivery warehouse (cold storage) of the North Hankou Spice Exchange has been officially put into use, with branches being opened in Gaoqiao, Changsha, and Qingyun, Nanchang, which has become a large-scale integrated trading center of spice direct sourcing in central and western regions; the Flower Town of North Hankou has developed into the largest-scale flower trading service center in Central China, integrating display, trading and services for flowers and related products; the Fisherman's Wharf in North Hankou innovated a new seafood supply chain consumption manner "from the sea to the market, from the source to the table", and became the largest direct seafood supply base in Central China; and the Coffee Street has over 30 large companies in the coffee supply chain, introducing coffee beans from more than 50 countries and regions, including Ethiopia, Panama and Brazil. Meanwhile, North Hankou is accelerating the construction of express delivery collection and sorting centers and urban logistics and distribution centers, to promote the clustered, intensive and refined development of the logistics industry. In October, Wuhan was successfully approved as a business service-oriented national logistics hub, and North Hankou was the only comprehensive trade enterprise in the area. North Hankou pioneered the modern logistics operation system of "Channel + Hub + Network" in China, with significant demonstrative value for the development of national logistics and supply chains. In November 2024, the low-altitude airport at North Hankou officially commenced operation, equipped with the landing field for drones and helicopters, a low-altitude flight visual system and an intelligent scheduling system. Three low-altitude flight routes can deliver fresh food, flowers, clothing and other goods at low altitudes. While achieving normal operations, it can be gradually used in additional scenarios such as low-altitude urban sightseeing tourism.

### 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. ("**Shenzhen Sinoagri**"), a large-scale B2B trading platform for agricultural products under the Group, adhered to its customer-centric approach and continued to enhance its main business capabilities and the value of its digital services along the industry chain, achieving operating revenue of approximately RMB40.5 billion during the reporting period. During the reporting period, the global sugar market was in a tightly balanced condition generally. On the supply side, Brazil was in a production reduction cycle, while Thailand and India saw strong increases in output. Although global sugar consumption was expected to reach 180 million tonnes, representing a year-on-year increase of 2%, the market was volatile due to factors such as the global economic situation, policies of major sugar-producing countries and weather changes. The underproduction in the domestic sugar market lingered. During the year, with an increase in domestic sugar production, the price fluctuated in a downward trend, and the increased quantity in imported sugar further pressured the price. Shenzhen Sinoagri has been closely monitoring the sugar market. Its subsidiary, Mutian Technology, has actively changed and broken away from the traditional single-source matching mode, enabling customers to accurately find sources leveraging on the Company's platform in light of market supply and demand dynamics, thus to effectively respond to market fluctuations. Mutian Mall put its service focus on end customers and spot trading clients, and introduced more than 3,000 SKUs of commodities in aggregate during the year, to fully satisfy the diversified demand of customers. Mutian Mall had 647 active customers for the year, with the repurchase rate of 59%. The proportion of end customers in the total transaction volume increased by 77% as compared with the same period last year. In the spices and condiments sector, focusing on the dried pepper category, Shenzhen Sinoagri has established a business mode that combines import, production, processing and sales, and 8 regional marketing sub-centres have been set up in Xi'an, Chengdu, Chongqing, etc.. By targeting core customers such as food products factories, seasoning plants, and hotpot condiments manufacturers, it has successfully expanded the downstream market and introduced several leading enterprises in niche markets, with 137 additional customers and 660 customers in total. Meanwhile, the Company is accelerating its overseas market layout mainly in the countries such as Indonesia and South Africa. By closely following the national strategy to revitalize the seed industry, Shenzhen Sinoagri actively promoted the development of production capacity. During the year, the first phase of the Aksu factory in Xinjiang was successfully completed, and the top cumin processing production line in China was officially put into use. The second phase project, which includes a chili extract processing production line and an internationally advanced food-grade dust-free plant, also commenced construction and is expected to put into production in full capacity by 2025. In the coffee segment, Shenzhen Sinoagri continued to increase the trade in high-margin raw bean products, and expanded into high-quality production areas in Central America such as Peru, Honduras and Costa Rica, resulting in an increase of 50% in the annual sales volume and value of raw beans. Based in new first-tier cities like Wuhan, Qingdao and Chengdu, Shenzhen Sinoagri expanded into consumer markets in Central China, North China and Southwest China and developed several large domestic roasting plants with chain coffee brands as its new customers, resulting in a year-on-year increase of 20% in key customers, and optimizing the customer mix. In addition, Shenzhen Sinoagri continued to enhance its product development and delivery capabilities and successfully obtained CMMI5 certification, with the DCMM3-level assessment being in progress. Also, Shenzhen Sinoagri actively explored data value, by signing a contract for the operation of a dedicated data trading service zone in Tianhe District, Guangzhou, and uploading the "Huizhubao" (惠豬寶) and "Sweetness Price Index" (甜味價格指數) data products in the agricultural sector, which cover six price indices for sweetness, silk spinning, fodder, coffee, chili pepper and rubber. In terms of risk control and management, Shenzhen Sinoagri deployed more than 80 risk control rule packages using "Risk Brain" to strengthen customer access and credit assessment, and enhanced its risk due diligence and detection capabilities by combining anti-fraud and data risk control system 2.0, so as to improve its services on reminding and monitoring of customer risks and business performance

HSH International Inc. ("**HSH**"), a subsidiary of the Group, as a chemical e-commerce company that leads the future, integrated information, commodities, logistics and other resources under the model of 'Platform-based Supply Chain Services' to create an industry chain service targeting the upstream and downstream customers in the chemical and plastics industries, and made a large-scale deployment of the digital supply chain, digital cloud factories, agile warehousing and logistics, and production and financing technology, to build a diverse ecological service system of the industrial Internet. As global attention to environmental protection and sustainable development has been increasing, HSH actively responds to China's "dual carbon" strategy. In October 2024, HSH and its partners launched the Substrate Pot Project in Yunnan, which has applied a digital supply chain service system for substrate pots established by HSH that integrates direct sourcing, inventory management, intelligent logistics, access to supply chain financing, and data management. By effectively coordinating the upstream and downstream industrial chains, this system has solved the three major problems of the substrate pot industry, i.e. liquidity difficulties, urgent demand and slow supply, accelerating the construction of a modern agricultural system that aligns with new productive forces. In addition, HSH promoted the PCR recycled plastics cloud factory project step by step and built an ecological business system of recycled plastics. HSH also continued to improve its Supply Chain SCM Management System 2.0, which provided tens of thousands of plastic enterprises with supply chain services such as online trading, pricing and transaction information, payment and settlement, warehousing and processing, logistics and distribution. The system has completed the risk control models of more than 25,000 enterprises in the plastics manufacturing industry (including packaging, wire and cable, home appliances, auto parts, daily necessities, plastic pipes, and other production enterprises), so as to ensure that the risks of enterprises participating in transactions on the platform could be controlled. As of 31 December 2024, the cumulative number of customers on the HSH platform reached 54,999, with an operating revenue of approximately RMB25.4 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 Group, continued to build service platforms with smart trading as its mainstay and supply chain services and technology services as its two arms, and used technologies such as blockchain and big data to build six service platforms comprising smart trading, supply chain service, SaaS cloud service, warehousing and Internet of Things, smart logistics, and data information, to promote the reform of the steel industry with the dual drive of technology and business and achieve the intelligent upgrade of the steel industry chain. The "multi-bank, multi-product" supply chain service supermarket, which was created by Zall Steel jointly with 16 financial institutions using the technologies such as Internet of Things, 5G, and blockchain traceability, comprising E-chain of steel purchase, E-chain of guaranteed supply, E-credit and other financial services, has effectively solved the financing difficulties in the steel industry chain. In terms of digital intelligence services, Zall Steel has upgraded the single purchase, sales and storage system SaaS to MES with five advantages, i.e. safety, low cost, high value, light model and premium service, which has already served more than 2,000 customers including large-scale central and state-owned enterprises, and contributed to the 30% increase in the Company's human efficiency ratio and the 20% increase in online operation efficiency ratio. In addition, Zall Steel has further optimized the intelligent warehousing and logistics system, providing all parties in the ferrous commodities supply chain with safe, highly efficient, intelligent and convenient warehousing, supervision and processing services. Its logistics services have gradually upgraded the traditional factory-warehouse to warehouse-end market, which has improved the accuracy of vehicles and goods matching, the safety of goods and the standards of fiscal and taxation management. Keeping abreast of the pace of lightweight, green and low-carbon development of the steel industry, Zall Steel has actively provided one-stop supply chain integration service solutions for large end-user steel companies, large-scale central state-owned enterprises and leading enterprises in the industry in new energy automobile, photovoltaic and other market segments. Meanwhile, Zall Steel has been actively exploring overseas markets and promoting domestic quality steel products to the international market. The hot-rolled high tensile steel was exported to Saudi Arabia and was used in the construction of a terminal photovoltaic project there. As of the end of 2024, Zall Steel has established 50 trading service centres across China, reaching more than 310 cities in 32 provinces and serving more than 75,000 members, and established 32 ZCH (卓倉匯) standard warehouses, providing services for over 700 people's livelihood works and high-end manufacturing projects. During the reporting period, the operating revenue of Zall Steel was approximately RMB22.0 billion. Its quality products and services were widely recognized by the government and society. It was recognized as one of the Shanghai Contract Abiding and Creditable Enterprises, Shanghai Top 100 Enterprises, and the Shanghai Outstanding Cases in Supply Chain Innovation and Application, and was also included in the list of enterprises financed by special funds dedicated for high-quality business development in Shanghai in 2024.

The Commodities Intelligence Center Pte. Ltd. ("**CIC**") has vigorously developed online trading of commodities since its launch in October 2018, providing a blockchain technology-based one-stop solution to reduce international trade risks and improve distribution efficiency. As of December 2024, the CIC platform had 16,654 registered users, with a total GMV of over US$29.3 billion. The main product categories traded included coal, nickel ore, copper ore, iron ore, and electrolytic copper. To ensure the successful delivery of supply chain financial services, CIC continued to deepen its cooperation with ZMA Smart Capital Pte. Ltd., to provide online financing solutions for small and medium-sized enterprises engaging in international trade, so as to promote cross-border trade. Meanwhile, relying on its blockchain technology, CIC has continuously enhanced e-finance services and provided effective risk management service, to reduce transaction costs, broaden channels, and improve transaction efficiency.

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

## FUTURE PROSPECTS

The digital economy, as a new form of economy, has become a new driving force for high-quality economic development. Zall Smart has been vigorously building a smart trading platform to provide digital services such as trading, logistics, warehousing, finance, and supply chain management for agricultural products, chemical plastics, ferrous metals, wholesale markets, cross-border trading and other industries, thus driving the transformation and upgrade of traditional trade to digital trade.

Going forward, Zall Smart will continue to strengthen the research and development of digital technologies, and based on the new trade mode, apply big data, artificial intelligence, blockchain and other digital technologies to build a service system integrating "B2B trading services, supply chain services, and IT cloud services", so as to help enterprises reduce costs and increase efficiency and further improve the synergies of trading efficiency, warehousing and logistics efficiency and capital efficiency.

## INVESTMENT PORTFOLIO

The portfolio of listed equity investments of the Group as at 31 December 2024 and 31 December 2023 were as follows:

### As at 31 December 2024

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

### As at 31 December 2023

| Stock code | Name of investee company | Number of shares held | Effective shareholding interest | Acquisition cost | Carrying amount as at 31 December 2023 | Unrealised holding loss arising on revaluation for the year ended 31 December 2023 | Dividend received for the year ended 31 December 2023 |
|---|---|---|---|---|---|---|---|
| | | | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 00607.HKEX | Fullshare | 11,819,250 | 1.86% | 620,157 | 6,748 | 49,210 | – |

The performance and prospects of the listed equity investments during the year are as follows:

As at 31 December 2024, the Group held 11,819,250 (31 December 2023: 11,819,250) shares in Fullshare, representing approximately 1.9% of its entire issued share capital (31 December 2023: approximately 1.9%). Fullshare is listed on the main board of the Stock Exchange of Hong Kong Limited. Its principal activities are property development, tourism, investment, provision of healthcare products and services business and new energy business. The Group recognised an unrealised holding loss of approximately RMB1.3 million for the year ended 31 December 2024 (31 December 2023: approximately RMB49.2 million). The carrying amount of investment in Fullshare accounts for approximately 0.01% of the Group's total assets as at 31 December 2024 (31 December 2023: approximately 0.01%). The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

## Results of Operation

***Revenue***

Revenue of the Group increased by approximately 29.6% from approximately RMB125,290.5 million for the year ended 31 December 2023 to approximately RMB162,359.3 million for the year ended 31 December 2024. The increase was primarily due to the increase in revenue from supply chain management and trading business.

*Revenue from supply chain management and trading business*

The Group's revenue from supply chain management and trading business has contributed approximately 99.6% of the Group's total revenue for the year ended 31 December 2024. For the year ended 31 December 2024, the Group's revenue from supply chain management and trading business was approximately RMB161,736.0 million (2023: approximately RMB124,691.4 million). The increase in revenue from supply chain management and trading business was primarily attributable to the Group's continuous expansion in business scale.

*Rental income from investment properties*

The Group's rental income from investment properties decreased by approximately 16.9% from approximately RMB283.5 million for the year ended 31 December 2023 to approximately RMB235.6 million for the year ended 31 December 2024. The decrease was primarily due to the decrease in total rented area during the year.

*Revenue from finance income*

The Group's finance income increased by approximately 7.2% from approximately RMB59.3 million for the year ended 31 December 2023 to approximately RMB63.5 million for the year ended 31 December 2024. The increase was mainly due to the increase in supply chain finance income from Shenzhen Sinoagri.

*Sales of properties and related services*

Revenue from sales of properties and related services increased by approximately 54.3% from approximately RMB157.7 million for the year ended 31 December 2023 to approximately RMB243.2 million for the year ended 31 December 2024.

The Group's revenue from sales of properties was attributed to the sales of retail shops and auxiliary facilities units. The increase in revenue from sales of properties and related services was mainly attributed to the increase in the gross floor area delivered in 2024.

***Cost of sales***

For the year ended 31 December 2024, cost of sales of the Group was approximately RMB161,660.3 million (2023: approximately RMB124,443.8 million). The total cost of sales of the Group increased accordingly as the revenue increased.

***Gross profit***

Gross profit of the Group decreased by approximately 17.4% from approximately RMB846.6 million for the year ended 31 December 2023 to approximately RMB699.0 million for the year ended 31 December 2024. The Group's gross profit margin decreased from approximately 0.68% for the year ended 31 December 2023 to approximately 0.43% for the year ended 31 December 2024, which is mainly due to decrease in the gross profit margin of supply chain management and trading business which contributed to approximately 99.6% of the Group's total revenue.

***Other net income/(loss)***

The Group recorded net other income of approximately RMB88.6 million for the year ended 31 December 2024, while there was net other loss of approximately RMB38.6 million for the year ended 31 December 2023. The change was mainly due to (i) the decrease in fair value loss on listed equity securities of approximately RMB48.1 million; (ii) the fair value gain on wealth management products and trust products of approximately RMB0.8 million for the year ended 31 December 2024, compared to fair value loss of approximately RMB15.9 million for the year ended 31 December 2023; and (iii) the fair value gain on forward contracts of approximately RMB44.6 million for the year ended 31 December 2024, compared to fair value loss of approximately RMB3.1 million for the year ended 31 December 2023.

***Selling and distribution expenses***

Selling and distribution expenses of the Group increased by approximately 1.4% from approximately RMB263.2 million for the year ended 31 December 2023 to approximately RMB266.9 million for the year ended 31 December 2024. The increase was primarily due to (i) an increase in staff cost of approximately RMB19.0 million; (ii) a decrease in general office and other expenses of approximately RMB11.0 million; and (iii) a decrease in logistic expenses of approximately RMB4.0 million.

***Administrative and other expenses***

Administrative and other expenses of the Group slightly decreased by 3.8% from approximately RMB448.3 million for the year ended 31 December 2023 to approximately RMB431.3 million for the year ended 31 December 2024. The decrease was primarily due to (i) a decrease in staff cost of approximately RMB7.8 million; and (ii) a decrease in general office and other expenses of approximately RMB9.1 million.

***Impairment loss under expected credit loss model, net of reversal***

The impairment loss under expected credit loss model, net of reversal of the Group for the year ended 31 December 2024 was approximately RMB232.7 million (2023: approximately RMB104.6 million). The increase was mainly due to (i) impairment loss recognised for other receivables of approximately RMB34.2 million for the year ended 31 December 2024, compared to impairment loss reversed for other receivable of approximately RMB26.2 million for the year ended 31 December 2023; and (ii) the increase in impairment loss recognised for rental receivables of approximately RMB63.0 million.

***Impairment loss on goodwill***

The Group recorded no impairment loss on goodwill for the year ended 31 December 2024 and 2023. It was mainly due to the fact that the financial performance of Shenzhen Sinoagri of the Group remained stable during the year.

***Net valuation gain on investment properties***

The Group recorded a net valuation gain on investment properties which amounted to approximately RMB629.4 million (2023: approximately RMB470.5 million) for the year ended 31 December 2024. The net valuation gain was mainly due to additional properties transferred to investment properties for rental purposes during the year and the stable value of properties.

***Net gain on disposal of a subsidiary***

The Group recorded a net gain on disposal of a subsidiary of approximately RMB16.4 million (2023: approximately RMB41.3 million) for the year ended 31 December 2024.

***Share of net profits of associates***

Share of net profits of associates of the Group for the year ended 31 December 2024 was approximately RMB8.9 million (2023: approximately RMB9.2 million). The decrease was mainly due to the decrease of profits of the Group's associates.

***Finance income and costs***

Finance income of the Group decreased by approximately 11.6% from approximately RMB324.3 million for the year ended 31 December 2023 to approximately RMB286.8 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in interest income from fixed deposits.

Finance costs of the Group increased by approximately 0.3% from approximately RMB619.6 million for the year ended 31 December 2023 to approximately RMB621.2 million for the year ended 31 December 2024. The increase was due to the combined effect of decrease in interest on interest-bearing borrowings of approximately RMB94.3 million and increase in bank charges and others of approximately RMB87.8 million.

***Income tax expense***

For the year ended 31 December 2024, income tax expense was approximately RMB165.2 million (2023: approximately RMB151.3 million). The increase was mainly due to the combined effect of (i) the decrease in current tax of approximately RMB33.0 million; and (ii) the increase in deferred tax recognised of approximately RMB44.5 million as a result of increases in net valuation gain on investment properties and impairment loss recognised under expected credit loss model.

***Profit for the year***

For the year ended 31 December 2024, the Group recorded a net profit of approximately RMB93.4 million (2023: approximately RMB65.7 million). For the year ended 31 December 2024, the profit attributable to equity shareholders of the Company was approximately RMB129.0 million (2023: approximately RMB50.9 million).

### *Liquidity and capital resources*

As at 31 December 2024, the Group had net current liabilities of approximately RMB4,725.1 million (31 December 2023: approximately RMB2,830.4 million) and net assets of approximately RMB14,343.0 million (31 December 2023: approximately RMB14,206.7 million). Certain measures have been and are being taken to manage its liquidity needs and improve its financial position, which includes (i) 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; (ii) the Group is actively and regularly reviewing its capital structure, negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and share placement, where appropriate; and (iii) the Group plans to further dispose of non-core business and assets to raise additional working capital. As at 31 December 2024, the total equity attributable to equity shareholders of the Company amounted to approximately RMB13,951.2 million (31 December 2023: approximately RMB13,804.3 million), comprising issued capital of approximately RMB34.5 million (31 December 2023: approximately RMB34.5 million) and reserves of approximately RMB13,916.8 million (31 December 2023: approximately RMB13,769.8 million).

### *Cash position*

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 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB1,546.0 million (31 December 2023: approximately RMB1,783.0 million). The Group's level of cash and cash equivalents has remained stable. The Group regularly and closely monitors its funding and treasury position to meet the funding needs of the Group.

### *Interest-bearing borrowings*

The Group's total interest-bearing borrowings decreased by approximately 2.9% from approximately RMB15,268.3 million as at 31 December 2023 to approximately RMB14,831.4 million as at 31 December 2024. Majority of the loans were denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Details of the interest rates during the year ended 31 December 2024 are set out in note 6(a) of the consolidated financial statements in this announcement.

***Net gearing ratio***

The Group's net gearing ratio decreased from 28.1% as at 31 December 2023 to 23.7% as at 31 December 2024. 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 that any future exchange rate fluctuation will not have any material effect on the Group's business. As at 31 December 2024, 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 31 December 2024, the Group had pledged certain of its assets with a total book value of approximately RMB16,863.1 million (31 December 2023: approximately RMB17,155.7 million) and a total book value of approximately RMB9,841.8 million (31 December 2023: approximately RMB9,476.7 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 has no material acquisition or disposal during the year ended 31 December 2024. The Group will seek opportunities to sell non-core assets and businesses to enhance liquidity and devote investment resources to core businesses.

***Segment reporting***

Details of the segment reporting of the Group for the year ended 31 December 2024 are set out in note 4(b) of the consolidated financial statements in this announcement.

*Contingent liabilities*

In accordance with the 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 a 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 buyers obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyers. As at 31 December 2024, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to approximately RMB82.8 million (31 December 2023: approximately RMB137.1 million).

As at 31 December 2024, the Group provided a financial guarantee to third parties of approximately RMB282.8 million (31 December 2023: approximately RMB292.0 million).

## CHANGES IN ACCOUNTING POLICIES

For details of change in accounting policies, please refer to note 3 to the consolidated financial statements of the Company in this announcement.

## EVENTS AFTER REPORTING PERIOD

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

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 1,575 full time employees (2023: 1,655). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2024, the employees benefit expenses were approximately RMB315.8 million (2023: approximately RMB316.5 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as shares and options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires.

The Group has 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 31 December 2024, and no share option was lapsed, exercised or cancelled under the Share Option Scheme during the year ended 31 December 2024. The Company has approved and adopted a new share option scheme on 28 May 2021 (the "**2021 Share Option Scheme**") to continue the grant of share options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group. As at 31 December 2024, no share options have been granted under the 2021 Share Option Scheme.

The Group has also adopted a share award scheme (the "**Share Award Scheme**") 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, 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 year ended 31 December 2024, 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 Listing Rules as its corporate governance code of practices. In the opinion of the Board, the Company had complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2024.

## 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 year ended 31 December 2024. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code for the year ended 31 December 2024.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE AND REVIEW OF THE AUDITED ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 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 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.

The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2024 which have been agreed by the auditors of the Company, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2024 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk and management systems and financial reporting matters of the Group.

## SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's independent auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly HK**"), which is consistent with the figures set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Baker Tilly HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Baker Tilly HK on this preliminary announcement of results.

## FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2024 (2023: nil).

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 28 May 2025. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

In order to determine who are eligible to attend and vote at the AGM, the Company's register of members will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to be qualified to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 22 May 2025.

## PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.zallcn.com. The annual report for the year ended 31 December 2024 of the Group containing all the information required by the Listing Rules is expected to be published on the same websites and be dispatched upon request to the shareholders of the Company for viewing in due course.

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

Hong Kong, 31 March 2025

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