

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.HK

2025 ANNUAL REPORT





About ZALL SMART COMMERCE GROUP LTD.

Zall Smart Commerce Group is committed to becoming the world's leading digital trade platform. Based on the two major trading scenarios of commodities and trade logistics, the Group constructs and operates B2B trading platforms for consumer goods, agricultural products, iron and steel, chemical plastic, cross-border trading, etc., providing partners with diversified and full-ranged trading services as well as supply chain services including logistics, warehousing, financial, and information services. The Group taps into the "New Mode of Trading" and leverages digital technologies such as big data, artificial intelligence and blockchain to construct the "B2B trading service + supply chain service + digital technology cloud service" system, with a view to facilitating enterprises on cost reduction, increasing efficiency, and further boosting the synergy of, among others, transaction efficiency, warehousing, logistics and capital efficiency.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Yan Zhi
(Chairman and Co-Chief Executive Officer)
Dr. Gang Yu
Mr. Qi Zhiping *(Co-Chief Executive Officer)*
Mr. Yu Wei
Ms. Fan Xiaolan

Independent Non-Executive Directors

Mr. Cheung Ka Fai
Mr. Wu Ying
Mr. Zhu Zhengfu

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

No. 1 Enterprise Community
1 Chutian Avenue
Panlongcheng Economics and Technology Development Zone
Wuhan, Hubei Province
China 430000

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 601, 6/F
Tower 1, Lippo Centre
89 Queensway
Admiralty
Hong Kong

AUDIT COMMITTEE

Mr. Cheung Ka Fai *(Chairman)*
Mr. Wu Ying
Mr. Zhu Zhengfu

NOMINATION COMMITTEE

Mr. Wu Ying *(Chairman)*
Mr. Yan Zhi
Ms. Fan Xiaolan *(appointed on 1 January 2026)*
Mr. Cheung Ka Fai
Mr. Zhu Zhengfu *(appointed on 1 January 2026)*

REMUNERATION COMMITTEE

Mr. Zhu Zhengfu *(Chairman)*
Mr. Qi Zhiping
Mr. Wu Ying

RISK MANAGEMENT COMMITTEE

Mr. Zhu Zhengfu *(Chairman)*
Mr. Cheung Ka Fai
Mr. Qi Zhiping

COMPANY SECRETARY

Ms. Tan Huali

COMPANY WEBSITE

<http://www.zallcn.com/>

AUTHORIZED REPRESENTATIVES

Ms. Tan Huali
Mr. Qi Zhiping

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
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Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

LEGAL ADVISOR

P. C. Woo & Co.
Sidley Austin

AUDITOR

Baker Tilly Hong Kong Limited
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

China Construction Bank
China Minsheng Bank
China Resources Bank of Zhuhai
China Everbright Bank

Financial Highlights

	2025 RMB'000	2024 RMB'000
Revenue	155,029,341	162,359,281
Gross profit	585,652	698,971
Profit for the year	101,631	93,361
Earnings per share — Basic and diluted (RMB cents)	1.19	1.04
Total non-current assets	27,949,568	26,866,732
Total current assets	33,776,783	42,618,024
Total assets	61,726,351	69,484,756
Total non-current liabilities	7,451,017	7,798,716
Total current liabilities	39,869,765	47,343,087
Total liabilities	47,320,782	55,141,803
Net assets	14,405,569	14,342,953

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Zall Smart Commerce Group Ltd. ("the Company" or "Zall Smart Commerce"), I am pleased to present the annual report of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2025.

In 2025, the pace of global economic recovery slowed down as a result of the combined effect of a number of macroeconomic factors, which led to significant structural divergence in the commodities market and heightened price volatility. Faced with severe external challenges, Zall Smart Commerce consistently adhered to its core businesses of supply chain management and commercial logistics. Through key initiatives such as strengthening service barriers in its areas of strength, extending services across the entire industrial chain, and refining its modern commercial logistics system, Zall Smart Commerce is fully committed to building a supply chain service ecosystem that is more resilient, efficient and sustainable.

Leveraging its core strengths and industry influence accumulated through its wealth of experience in the supply chain sector, the Group successfully secured a place on three authoritative rankings: China's Top 500 Enterprises, China's Top 500 Private Enterprises, and Fortune China 500. It was also awarded the 5A-Level Supply Chain Service Enterprise Certification by China Federation of Logistics and Purchasing, further consolidating its position as an industry leader.

BUILD A SMART COMMERCIAL HUB TO UNLOCK THE EFFECT OF INDUSTRIAL CLUSTERING

As an offline commercial entity under Zall Smart Commerce, North Hankou International Trade Center ("North Hankou") has actively embraced digitalization in recent years, innovating new business models and consumer experiences. It has successfully achieved a transformative leap from a "wholesale distribution hub" to a "commercial hub", with its development once again receiving clear support in the annual government work reports of Hubei Province and Wuhan City. North Hankou will continue to consolidate its role as a national logistics hub for commercial services, strengthening the integration of domestic and international trade, and contributing to the accelerated establishment of a key strategic foothold for Hubei Province in Central China.

In terms of supply chain upgrading, North Hankou deepens its effort in building digital supply chain across vertical segments, enhancing resource aggregation and allocation efficiency and establishing multiple highly efficient and synergistic specialized supply chain systems. Among these, Seafood Chain pioneered the "Fast Chain" model, establishing strategic cooperation with core production regions such as Malaysia to enable rapid, direct delivery of high-quality fresh produce from overseas; Clothing Chain strengthened collaboration with industrial belts in Tianmen and Xiantao, leveraging the Wuhan Commodities Fair platform to facilitate multiple production and sales partnerships, successfully attracting source supply chain enterprises to establish their presence; Flower Chain achieved daily sales of 50,000 stems, reinforcing its position as the largest flower trading base in Central China; Chili Chain gathered resources from 24 core production regions worldwide, accounting for approximately 70% of Wuhan's total shipments; and Coffee Street brought together over 30 large-scale supply chain enterprises, successfully connecting more than 50 countries and regions.

Chairman's Statement (continued)

As for commercial logistics system construction, North Hankou has leveraged its prime location for multimodal transport to create a three-in-one logistics ecosystem integrating “smart warehousing and distribution, line-haul transportation and urban delivery”, thereby accelerating the development of a modern logistics operating system based on “Channel + Hub + Network”. During the reporting period, the Huahu Airport Hankou North Cargo Terminal, jointly developed with SF Express Group, officially commenced operations, enabling strategic synergy between the Wuhan-Ezhou Airport-type National Logistics Hub and the Hankou North National Commerce and Services Logistics Hub. Currently, North Hankou has established itself as a one-stop commercial and logistics service center covering the entire chain of warehousing, distribution, transportation, transshipment and trade, serving as a powerful engine linking production and consumption.

In 2025, the 16th Wuhan Commodities Fair underwent a transformative upgrade, establishing for the first time three major sectors: goods trade, services trade and digital trade. At the same time, it launched the “twenty-four seven” “Online Wuhan Commodities Fair”, deeply integrating “online cloud exhibitions” with “offline physical venues” to create an open hub for central China. According to statistics, the total transaction value of this year’s Wuhan Commodities Fair, both online and offline, exceeded RMB180 billion. This not only demonstrates the commercial influence of North Hankou but also injects new vitality into Wuhan’s development as an international exchange hub.

DEEPEN INTO NICHE SEGMENTS TO STRENGTHEN CORE COMPETITIVE ADVANTAGES

In 2025, the domestic commodities market remained volatile. While precious metals emerged as a standout performer, sectors such as sugar and ferrous metals continued to decline due to adjustments in supply and demand dynamics. Faced with this structural challenge, Zall Smart Commerce focused on consolidating its competitive barriers in key product categories while strengthening research and development, as well as practical applications, of digital technologies such as big data and artificial intelligence. This approach drove steady progress in its supply chain operations, achieving improvements in both quality and efficiency.

During the reporting period, Shenzhen Sinoagri E-commerce Co., Ltd. (“Sinoagri”) continued to deepen and strengthen its core businesses in sweeteners, spices and coffee, building end-to-end digital service capabilities spanning the entire supply chain. At the upstream production end, the digital sugarcane cultivation platform was launched using technologies such as AI and blockchain. The platform covers the entire process from “ploughing, sowing, management, harvesting, transport and sales”, driving the intelligent upgrade of the industry and enhancing quality and output. Regarding downstream operations, the Aksu Spices Deep Processing Centre in Xinjiang officially commenced production, with multiple intelligent production lines for cumin, chili and other products operating simultaneously, significantly increasing Sinoagri’s value-added output. By establishing direct procurement channels in key global production regions and actively cultivating relationships with leading clients in the industry, emerging businesses such as coffee and rubber have experienced robust growth.

Chairman's Statement (continued)

Shanghai Zall Steel E-commerce Co., Ltd. ("Zall Steel") is fully committed to driving the digital transformation of the steel industry. It actively provides comprehensive supply chain solutions to large end-user enterprises in sectors such as high-end manufacturing, smart manufacturing and green manufacturing. By integrating SaaS, ERP, MES, WMS, TMS and other supply chain systems, it continuously enhances the operational capabilities of platforms such as ZCH and Xiaohuo Zhiyun, establishing a multi-dimensional smart service system. Its services cover procurement, production, warehousing and logistics across the steel industry chain, spanning its reach to numerous large state-owned enterprises as well as listed companies.

HSH International Inc. ("HSH") focuses on three core product categories, namely olefins, aromatics and polyesters. By innovatively applying diversified business models such as centralized procurement and distribution, matchmaking services and the integration of futures and spot markets, the platform has deeply integrated high-quality supplier resources across the industrial chain and vigorously expanded its client base among manufacturing end-users, thereby effectively enhancing its supply chain service capabilities and risk resilience. At the same time, the platform actively promotes innovation in the green industry, having successfully established "Digital Cloud Factories for Recycled Plastics" in Shandong, Jiangxi and Guizhou. It has established a full-process digital management system covering the entire "collection-recycling-application" process, empowering the industry's scalable and efficient development through technological innovation and business model upgrades.

DEEPENING DOMESTIC AND INTERNATIONAL STRATEGIC PARTNERSHIPS TO DRIVE OVERSEAS EXPANSION

Against a backdrop of profound adjustments in the global economic landscape, there are both opportunities and challenges in cross-border trading. Zall Smart Commerce continues to deepen its strategic partnerships both domestically and internationally. By focusing on platform synergy, resource integration and business model innovation, it is driving multiple breakthroughs in its cross-border operations while enhancing both scale and quality.

During the reporting period, the core platform continued to deepen strategic partnerships and accelerate the release of synergistic value. Sinoagri precisely targeted the core sectors of agricultural product trade, successively establishing in-depth strategic partnerships with major state-owned enterprises such as Guangzhou International Trade Center and Orient International. Focusing on key categories including sugar, spices, coffee and silk, it has engaged in comprehensive collaboration centered on global procurement, channel distribution and integrated supply chain services, thus building a new ecosystem for agricultural product trade characterized by resource sharing, complementary strengths and mutual benefits. The Commodities Intelligence Centre (CIC) further deepened its cross-border trade cooperation with Marubeni Corporation, a Fortune Global 500 company. It vigorously drove the development of ZMA Smart Capital Pte. Ltd., providing intelligent and efficient technology-driven financial service solutions to international supply chain enterprises across a wider range of regions, including South America, Africa, Australia and Southeast Asia, speeding up the pace of international market expansion.

Chairman's Statement (continued)

Meanwhile, cross-border operations across various platforms are flourishing in multiple areas, with success in exporting products beginning to emerge. Leveraging standardized processing and a global supply chain network, Sinoagri successfully exported high-quality spices, such as chilies, to numerous overseas markets including South Africa and Indonesia. Zall Steel, focusing on high-end manufacturing and infrastructure needs, achieved a breakthrough by re-exporting finished steel products from Vietnam to the Taiwanese market. Leveraging its GRS (Global Recycling Standard) certification, HSH has exported recycled plastic pellets that meet international environmental standards to neighboring countries such as North Korea and Vietnam, accelerating its integration into the global trading system.

At present, the rapid development of digital technology and digital trade is profoundly reshaping the global trade and supply chain landscape, presenting entirely new opportunities for the global expansion of enterprises. Zall Smart Commerce is committed to becoming a world-leading digital trade platform. We will stay attuned to the development of the world, and continue to deepen the innovative application of technologies such as AI and big data in areas including cross-border transactions, intelligent risk control and smart logistics. By driving industrial upgrades through digital technology and expanding our global footprint through open collaboration, we aim to enhance our core competitiveness and international influence, making a greater contribution to the construction of an efficient, stable and resilient global supply chain.

Yan Zhi
Chairman

Hong Kong, 31 March 2026

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 32 large comprehensive clusters of specialized markets covering, among other things, branded clothing, small merchandise, hotel supplies, and secondhand vehicles. It has established an efficient collaborative development model of "leading by major markets, supported by specialized markets, and driven by featured markets," thus accelerating the establishment of China's largest and world's leading supply chain management center and commercial logistics platform.

In 2025, North Hankou focused on the continuous upgrading of commodity market, centering on three major objectives of "supply chain management center, business service-oriented national logistics hub, and world shopping park", and vigorously developed the new mode of "industry integration, experiential consumption, trade digitization, supply chain services and new foreign trade business", enabling the transformative leap from "commercial logistics hub" toward "new highland of value hub". During the year, North Hankou focused on developing the first-store economy, strengthening supply chain construction, improving logistics networks, deepening digital-intelligence integration, enhancing the empowerment of exhibitions, and promoting the integration of culture, business and tourism – all with remarkable results. The 2025 Government Work Report of Hubei Province mentioned "hosting major open events such as the Wuhan Commodities Fair (漢交會)", while the 2025 Government Work Report of Wuhan City proposed "building North Hankou into an integrated domestic and international trade base". North Hankou ranked third nationwide and first in midwestern China in the "Top 100 Commodity Markets in China," and was awarded the honorary titles of "National Model Market for Digital and Intelligent Development" and "National Model Market for Logistics Supply Chain Innovation".

Focusing on first-store economy. North Hankou has continued to promote the iterative upgrade of markets, gradually establishing a sound development pattern of "first-store leadership, concentration of leading companies, and industry chain synergy". The Automobile Town has adopted the "first-store leadership + full-chain services" model, improving its new energy vehicle matrix and building a comprehensive automobile trade ecosystem; the Hotel Supplies City successfully introduced several brands to open their first stores in Central China, leading over 200 merchants to upgrade their shops and showrooms, thus creating an immersive procurement experience; the Branded Clothing City achieved platform iteration, connecting source supply chain enterprises, supporting both established brands and emerging popular labels to grow side by side, and strengthening the coordination between production and sales and brand incubation capabilities; the Footwear and Leatherwear City has committed triple guarantee of "good storefronts, good brands, and good logistics", with several brand factory outlets opening in succession; the Flavor Town has integrated the entire seasoning industry chain through "logistics + finance + digitalization"; the New Textile Wharf has gathered high-quality fabric sources from across the country; Haining Leather Plaza has deepened its professional and branding development; the Hardware and Electrical City has built a three-dimensional service system covering foreign trade, distribution, and live streaming; the Culture, Sports and Toys City has promoted ecosystem evolution through "exhibition + supply chain + digitalization".

Management Discussion and Analysis (continued)

Strengthening supply chain construction. North Hankou continues to deepen its efforts in building digital supply chain across vertical segments, enhancing resource aggregation and allocation efficiency, and continuously consolidating the industrial foundation. Seafood Chain innovated the “Fast Chain” model, establishing strategic cooperation with core production regions such as Malaysia, enabling rapid delivery of high-quality overseas fresh products; Clothing Chain strengthened collaboration with industrial belts in Tianmen and Xiantao, leveraging the Wuhan Commodities Fair platform to facilitate multiple production and sales partnerships, successfully attracting source supply chain enterprises to establish their presence; Flower Chain maintained steady growth in daily sales, reinforcing its position as the largest flower trading base in Central China; Chili Chain gathered resources from 24 core production regions worldwide, becoming a digital trading platform serving Central China; Coffee Street brought together more than 30 large-scale supply chain enterprises, connecting with over 50 countries and regions, driving mutual empowerment of consumption and industrial chain.

Improving logistics networks. North Hankou is firmly aligned with the goal of building a national logistics hub for commerce and services, continuously improving its logistics system and empowering commerce through logistics, thereby contributing to the establishment of the new “dual-circulation” development pattern. The Huahu Airport Hankou North Cargo Terminal jointly developed by North Hankou and SF Express Group has officially commenced operations, enabling strategic synergy between the Wuhan-Ezhou Airport-type National Logistics Hub and the Hankou North National Commerce and Services Logistics Hub. Leveraging its prime location with multi-modal transport capabilities including air, water, rail, and road, North Hankou is accelerating the development of a modern logistics operation system of “Channel + Hub + Network”, and is fully committed to creating a three-in-one logistics ecosystem integrating smart warehousing and distribution, line-haul transportation, and urban delivery. As the core zone of the national logistics hub for commerce and services, North Hankou has established a one-stop commerce and logistics service center covering the entire chain of warehousing, distribution, transportation, transshipment, and trade, while accelerating the expansion of “one-stop going global” channels for advantageous industries.

Deepening digital-intelligence integration. North Hankou continues to advance its digital-intelligence transformation, driving the deep integration of digital technology with market operations, yielding fruitful results. The “Smart North Hankou” digital management platform undergoes continuous iteration, utilizing big data tools to assist merchants in enhancing decision-making and operational efficiency. The online “Wuhan Commodities Fair” digital platform was officially launched during the 2025 Wuhan Commodities Fair, enabling a leap from traditional exhibitions to “cloud interconnectivity” and creating a “twenty-four seven” digital trade platform. North Hankou entered into a tripartite strategic collaboration with Han-e-Cai (漢e採) platform and JD Group, with nearly 100 North Hankou merchants simultaneously signing contracts to join the Han-e-Cai supply chain service platform. The Live Streaming E-commerce Base added 200 new merchants, over 50 live-streaming teams, and more than 120 live-streaming hosts, with daily sales of live-streaming session for certain categories hitting new highs. Twelve major live-streaming studios commenced regular operations, driving simultaneous growth in merchant traffic and sales. With its well-developed ecosystem and outstanding performance, North Hankou has been rated as Grade-A E-commerce Live Streaming Cluster in Wuhan for three consecutive years, and as a founding member of the China Trade Market Digital-Intelligent Development Alliance, it has become a pivotal force in promoting the sixth-generation market development.

Management Discussion and Analysis (continued)

Enhancing the empowerment of exhibitions. The 2025 Wuhan Commodities Fair was held at North Hankou from 19 to 23 November, at which key provincial and municipal leaders attended and announced its opening. For the first time, the exhibition established three major segments: commodity trade, service trade, and digital trade, truly becoming a structural platform linking the domestic grand circulation and the domestic and international dual circulations. The strategic positioning of the Wuhan Commodities Fair has become increasingly clear: it not only promotes the interconnection of business flow, logistics, information flow and capital flow, but also carries the mission of serving China's new "dual circulation" development model and supporting Hubei's "key construction". The fair 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. With its unprecedented scale, high-level participation, and fruitful outcomes, it has become known as the "Top Exhibition of Dual Circulation in China". Furthermore, North Hankou has successively hosted over a hundred professional exhibition and sales events, including the Spring and Autumn Curtain Industry Ordering Fair, the World Health Expo and Traditional Chinese Medicine Culture Week, the North Hankou Cultural Expo, the Clothing Live Streaming Festival, the Curtain Live Streaming Festival, and the New Talent Live Streaming Competition. These events highlight North Hankou's strong momentum of "attracting business through events, revitalizing the market through fairs, and promoting industry through exhibitions".

Promoting the integration of culture, business and tourism. North Hankou has broken through traditional commercial models by deeply implementing the development philosophy of "using commerce to support culture, using culture to promote tourism, and using tourism to boost commerce". It aims to build a world shopping park that integrates global commodity trading, trendy cultural experiences and urban micro-vacation functions, creating a new three-dimensional cultural-business-tourism scenario of "immersive shopping + urban micro-vacation + cross-border social space". During the year, North Hankou meticulously designed Citywalk and Cityrun micro-vacation routes connecting core areas such as the Hankou Business Museum, Drama Wharf, Universal Town, Ferris Wheel and Carnival Park, and hosted events including the New Year Goods Festival, Lantern Festival Dragon Dance, May Day Carnival, Lobster and Beer Carnival, and Warm Winter Consumption Season Campaign, linking online and offline channels to reach diverse customer groups and continuously stimulate consumption vitality.

Management Discussion and Analysis (continued)

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 year, Sinoagri achieved operating revenue of approximately RMB43.9 billion, and was awarded the “National Key Leading Enterprise in Agricultural Industrialization”, further consolidating its comprehensive competitiveness. During the year, domestic sugar prices fluctuated downward due to supply-demand imbalance, with an annual decline of over 12%. Despite industry-wide pressure, the sweetener segment achieved resilient growth through a dual-driven strategy of “controlling upstream resources and strengthening downstream services”. On the upstream side, it deepened outreach to production regions, with cooperative sugarcane planting area exceeding 12,000 acres, of which over 7,000 acres adopted a digital planting management system integrating AI, IoT, and blockchain, enabling full data control across cultivation, management and harvesting. On the downstream side, it enhanced customer loyalty by enriching the sugar product matrix and introducing multiple customized service solutions. Active customers reached 810 for the year, a 25% year-on-year increase, with the customer repurchase rate increased from 59% to 78%. Moreover, Sinoagri actively expanded multiple business sectors. By adopting the “cloud factory” model and constructing self-owned processing bases, it established a production capacity synergy system for silk spinning, fodder, and spices sectors. Silk spinning sector achieved a year-on-year increase of 142% in revenue, with the launching of 4 shared silk-reeling factories under the cloud factory model. Supported by ERP and IoT equipment, these factories connected raw material supply, capacity scheduling and market demand, resulting in an overall capacity growth of 42% and cooperation efficiency improvement of 40%. In fodder sector, transformation to customized fodder business yielded remarkable results. Five fodder formula optimization projects boosted monthly customized fodder sales from 500 tons to 4,500 tons, with medium-scale farming customers accounting for over 70%. In spices sector, the Xinjiang Aksu Spices Deep Processing Center has commenced operations and obtained ISO22000 food safety management system and HACCP international certification, achieving standardized and intelligent upgrades in processing. As strategically cultivated emerging businesses, coffee and rubber sectors have already become essential growth engines for Sinoagri. In coffee sector, Sinoagri established direct sourcing channels in six core production areas worldwide including Ethiopia and Peru, and entered into strategic cooperation with major importers. It achieved a 100% contract fulfillment rate for the year, and a year-on-year increase of 38.7% in KA customers. In rubber sector, it achieved a year-on-year increase of 276% in revenue, with the number of customers served increased by 119%, and successfully expanded cooperation with several leading enterprises in the rubber industry. Meanwhile, Sinoagri is using rubber business as a pilot to explore a comprehensive online trade model that integrates “trading, payment, warehouse receipts and risk control”, further unlocking the value of technology empowerment.

Management Discussion and Analysis (continued)

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. HSH focuses on three core product categories, namely olefins, aromatics, and polyesters, with the objectives of “guaranteeing quality, price and supply”. It actively expands upstream resources, having added more than 10 high-quality petrochemical plants during the year, thereby strengthening direct sourcing capabilities and ensuring supply chain stability and quality. It also explores hedging strategies through futures-spot trading to lock in costs, enhance price competitiveness, and secure stable returns across the industry chain. In terms of downstream customer structure, it continues to penetrate into end-users in the real economy, with manufacturing end customers reaching 70%, effectively empowering stable production and efficient development of the manufacturing industry. As the industry’s first builder of a digital cloud factory for recycled plastics, HSH has in recent years deeply implemented the “dual carbon” strategy by establishing a full-process digital management system covering “collection – recycling – application”. Since the launch of its digital cloud factory in Liaoning in 2023, HSH has continued to expand its footprint nationwide, with the model being replicated in Shandong, Jiangxi, and Guizhou, creating an end-to-end closed-loop plastic recycling system. Through sorting and recycling processes, plastic waste is transformed into high-performance recycled materials, which are then precisely put into new product manufacturing cycles. These recycled materials have been successfully applied in various fields, including automotive exterior parts and industrial tote boxes, promoting the efficient circulation and value creation of resources within the industry chain. In terms of logistics optimization, HSH efficiently integrates logistics resources through regional network layout, order consolidation, and cross-departmental coordination, enhancing its supply chain logistics capabilities which combine cost advantages with service depth. Simultaneously, HSH actively advances digital-intelligent construction by launching TMS (transportation management system) to efficiently handle key processes such as logistics orders, inquiries and quotations, transportation scheduling and cost calculation. Through supporting mini-programs, they enable real-time interaction with logistics carriers and achieve visual management of the entire logistics process, effectively optimizing transportation routes and reducing transportation costs. Additionally, HSH continuously upgrades its integrated supply chain service platform, focusing on optimizing system functionalities and service processes to better align with actual business scenarios and user habits. This deepens the integration of logistics, information flow, capital flow and business flow, comprehensively enhancing operational efficiency and supply chain transparency. As of 31 December 2025, the cumulative number of customers on the HSH platform reached 56,881, with an operating revenue of approximately RMB17.1 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 keenly seized opportunities arising from industry transformation, deeply explored vertical segments, and connected the upstream and downstream of the industrial chain to drive efficient coordination of steel industry production, supply and demand in full force. Leveraging its core “Smart Trading” framework, supplemented by the dual engines of “Supply Chain Services + Technology Services”, Zall Steel 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. The “multi-bank, multi-product” supply chain service supermarket, which was created by Zall Steel jointly with 16 financial institutions, has effectively solved corporate financing difficulties, and has served over 5,000 customers to date. The digital intelligent service segment integrates SaaS, ERP, MES, WMS, TMS and other supply chain systems, enabling precise matching with the digitalization needs of different enterprises, and has successfully served more than 2,000 enterprises, including numerous large-scale central and state-owned enterprises and listed companies. Zall Steel also provides customers with safe and efficient warehousing and processing solutions. It has established 32 standard warehouses and 372 certified warehouses nationwide, serving over 5,000 cargo owners. Zall Steel’s one-stop smart logistics platform, “Xiaohuo Zhiyun”, integrates over 600 logistics carriers and 6,000 core transportation routes nationwide. Through intelligent matching algorithms, it achieves precise cargo-vehicle matching, ensuring cargo safety and information transparency throughout the process. Its services cover 260 prefecture-level cities nationwide, providing standardized and efficient logistics services to over 2,000 enterprises. In terms of market expansion, Zall Steel achieved a breakthrough in exporting finished steel products from Vietnam to the Taiwan market, while driving product upgrades from raw materials to finished goods. During the year, Zall Steel achieved operating revenue of approximately RMB13.8 billion. By virtue of its outstanding contributions to the industry, it has been honored with multiple awards, including Shanghai Municipal E-Commerce Demonstration Enterprise, Shanghai Productive Service Industry Demonstration Case, Shanghai Top 100 Enterprise, and “Strengthening the Source and Helping Enterprises (強源助企)” Industry-Finance Service Base of Shanghai Futures Exchange.

Management Discussion and Analysis (continued)

In respect of business in Singapore, since its launch in October 2018, the Commodities Intelligence Centre (“CIC”) has focused on the online trading of bulk commodities, utilizing blockchain technology as its underlying infrastructure to reduce international trade risks, enhance operational efficiency and provide one-stop solutions. As of 31 December 2025, the CIC platform had accumulated 17,229 registered users and a total transaction volume exceeding USD43.5 billion, with primary trading categories including coal, nickel, copper, iron and electrolytic copper. In 2025, CIC’s supply chain financial services reached a new level, with deepening cooperation with ZMA Smart Capital Pte. Ltd., actively providing online financing solutions for small and medium-sized enterprises engaged in cross-border trade. Meanwhile, leveraging its platform’s accumulated data and blockchain technology, CIC continuously improves the efficiency of value-added services, provides effective risk management, expands procurement channels, reduces transaction costs, and enhances transaction efficiency. During the year, CIC and other Singapore subsidiaries of the Company recorded an aggregate operating revenue of approximately RMB54.1 billion.

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

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.

Management Discussion and Analysis (continued)

INVESTMENT PORTFOLIO

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

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	Dividend received for the year ended 31 December 2025 RMB'000
00607.HKEX	Fullshare Holdings Limited ("Fullshare")	11,819,250	1.86%	620,157	1,601	3,872	-

As at 31 December 2024

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

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

As at 31 December 2025, the Group held 11,819,250 (31 December 2024: 11,819,250) shares in Fullshare, representing approximately 1.9% of its entire issued share capital (31 December 2024: 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 RMB3.9 million for the year ended 31 December 2025 (31 December 2024: approximately RMB1.3 million). The carrying amount of investment in Fullshare accounts for less than 0.01% of the Group's total assets as at 31 December 2025 (31 December 2024: less than 0.01%). The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

Management Discussion and Analysis (continued)

RESULTS OF OPERATION

Revenue

Revenue of the Group decreased by approximately 4.5% from approximately RMB162,359.3 million for the year ended 31 December 2024 to approximately RMB155,029.3 million for the year ended 31 December 2025. 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 99.7% of the Group's total revenue for the year ended 31 December 2025. For the year ended 31 December 2025, the Group's revenue from supply chain management and trading business was approximately RMB154,581.1 million (2024: approximately RMB161,736.0 million). The decrease in revenue from supply chain management and trading business was primarily attributable to the decrease in revenue from the PRC market.

Rental income from investment properties

The Group's rental income from investment properties decreased by approximately 8.3% from approximately RMB235.6 million for the year ended 31 December 2024 to approximately RMB216.1 million for the year ended 31 December 2025. The decrease was mainly due to the decrease in both rented area and rental rate during the year.

Revenue from finance income

The Group's finance income decreased by approximately 27.0% from approximately RMB63.5 million for the year ended 31 December 2024 to approximately RMB46.4 million for the year ended 31 December 2025. The decrease was mainly due to the decrease in supply chain finance income from Sinoagri.

Sales of properties and related services

Revenue from sales of properties and related services decreased by approximately 58.0% from approximately RMB243.2 million for the year ended 31 December 2024 to approximately RMB102.1 million for the year ended 31 December 2025.

The Group's revenue from sales of properties was attributed to the sales of retail shops and auxiliary facilities units. The decrease in revenue from sales of properties and related services was mainly attributed to the decrease in the gross floor area delivered in 2025.

Cost of sales

For the year ended 31 December 2025, cost of sales of the Group was approximately RMB154,443.7 million (2024: approximately RMB161,660.3 million). The total cost of sales of the Group decreased accordingly as the revenue decreased.

Management Discussion and Analysis (continued)

Gross profit

Gross profit of the Group decreased by approximately 16.2% from approximately RMB699.0 million for the year ended 31 December 2024 to approximately RMB585.7 million for the year ended 31 December 2025. The Group's gross profit margin decreased from approximately 0.43% for the year ended 31 December 2024 to approximately 0.38% for the year ended 31 December 2025, which is mainly due to decrease in revenue from sales of properties and related services which has high profit margin.

Other net income

The Group's other net income decreased from approximately RMB88.6 million for the year ended 31 December 2024 to approximately RMB29.5 million for the year ended 31 December 2025. The decrease was mainly due to the fair value loss on forward contract of approximately RMB12.6 million for the year ended 31 December 2025, compared to fair value gain of approximately RMB44.6 million for the year ended 31 December 2024.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately 23.2% from approximately RMB266.9 million for the year ended 31 December 2024 to approximately RMB205.0 million for the year ended 31 December 2025. The decrease was primarily due to (i) a decrease in staff cost of approximately RMB40.4 million; and (ii) a decrease in logistic expenses of approximately RMB14.9 million.

Administrative and other expenses

Administrative and other expenses of the Group increased by approximately 4.3% from approximately RMB431.3 million for the year ended 31 December 2024 to approximately RMB450.0 million for the year ended 31 December 2025. The increase was primarily due to (i) a decrease in other taxes of approximately RMB21.9 million; and (ii) an increase in general office and other expenses of approximately RMB50.4 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 decreased by approximately 37.1% from approximately RMB232.7 million for the year ended 31 December 2024 to approximately RMB146.3 million for the year ended 31 December 2025. The decrease was mainly due to (i) the decrease in impairment loss recognised for rental receivables of approximately RMB91.4 million; (ii) the impairment loss recognised for other receivables of approximately RMB34.2 million for the year ended 31 December 2024, compared to impairment loss reversed of approximately RMB24.7 million for the year ended 31 December 2025; and (iii) the increase in impairment loss recognised for advances to suppliers of approximately RMB63.7 million.

Impairment loss on goodwill

The Group recorded impairment loss on goodwill of approximately RMB251.5 million (2024: nil) for the year ended 31 December 2025. It was mainly due to the fact that the financial performance of Sinoagri being worse than expected.

Management Discussion and Analysis (continued)

Net valuation gain on investment properties

The Group recorded a net valuation gain on investment properties which amounted to approximately RMB1,060.9 million (2024: approximately RMB629.4 million) for the year ended 31 December 2025. 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 did not record any gain or loss on disposal of a subsidiary for the year ended 31 December 2025 (2024: net gain of approximately RMB16.4 million).

Net gain on disposal of associates

The Group did not record any gain or loss on disposal of associates for the year ended 31 December 2025 (2024: net gain of approximately RMB70.0 million).

Share of net profits of associates

Share of net profits of associates of the Group for the year ended 31 December 2025 was approximately RMB5.2 million (2024: approximately RMB8.9 million). The decrease was mainly due to increase in losses of certain associates.

Finance income and costs

Finance income of the Group decreased by approximately 16.7% from approximately RMB286.8 million for the year ended 31 December 2024 to approximately RMB238.9 million for the year ended 31 December 2025. The decrease was mainly due to the decrease in interest income from fixed deposits.

Finance costs of the Group decreased by approximately 3.5% from approximately RMB621.2 million for the year ended 31 December 2024 to approximately RMB599.5 million for the year ended 31 December 2025. The decrease was primarily due to the combined effect of (i) decrease in interest on interest-bearing borrowings of approximately RMB18.4 million; (ii) decrease in amounts capitalised into properties under development for sale of approximately RMB29.9 million; and (iii) decrease in bank charges and others of approximately RMB45.0 million.

Income tax expense

For the year ended 31 December 2025, income tax expense was approximately RMB181.8 million (2024: approximately RMB165.2 million). The increase was mainly due to the combined effect of (i) the decrease in current tax of approximately RMB30.6 million; (ii) over-provision of current tax in prior years of approximately RMB40.2 million; and (iii) the increase in deferred tax recognised of approximately RMB87.5 million mainly arising on increase in net valuation gain on investment properties and decrease in impairment loss recognised under expected credit loss model, net of reversal.

Profit for the year

For the year ended 31 December 2025, the Group recorded a net profit of approximately RMB101.6 million (2024: approximately RMB93.4 million). For the year ended 31 December 2025, the profit attributable to equity shareholders of the Company was approximately RMB147.4 million (2024: approximately RMB129.0 million).

Management Discussion and Analysis (continued)

Liquidity and capital resources

As at 31 December 2025, the Group had net current liabilities of approximately RMB6,093.0 million (31 December 2024: approximately RMB4,725.1 million) and net assets of approximately RMB14,405.6 million (31 December 2024: approximately RMB14,343.0 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, and to reduce operating costs as appropriate; (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 may further dispose of non-core business and assets to raise additional working capital. As at 31 December 2025, the total equity attributable to equity shareholders of the Company amounted to approximately RMB14,082.3 million (31 December 2024: approximately RMB13,951.2 million), comprising issued capital of approximately RMB34.5 million (31 December 2024: approximately RMB34.5 million) and reserves of approximately RMB14,047.8 million (31 December 2024: approximately RMB13,916.8 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 2025, the Group's cash and cash equivalents amounted to approximately RMB1,509.9 million (31 December 2024: approximately RMB1,546.0 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 RMB14,831.4 million as at 31 December 2024 to approximately RMB14,399.9 million as at 31 December 2025. 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 2025 are set out in note 25 of the consolidated financial statements in this report.

Net gearing ratio

The Group's net gearing ratio increased from 23.7% as at 31 December 2024 to 42.1% as at 31 December 2025. 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 2025, the Group did not use any financial instruments for hedging purpose. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on assets

As at 31 December 2025, the Group had pledged certain of its assets with a total book value of approximately RMB18,566.8 million (31 December 2024: approximately RMB16,863.1 million) and a total book value of approximately RMB6,676.8 million (31 December 2024: approximately RMB9,841.8 million) for the purpose of securing certain of the Group's interest-bearing borrowings and bills payables respectively.

Management Discussion and Analysis (continued)

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

The Group has no material acquisition or disposal of subsidiaries, associated companies and/or joint ventures during the year ended 31 December 2025. 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 2025 are set out in note 3 of the consolidated financial statements in this report.

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 2025, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to approximately RMB156.5 million (31 December 2024: approximately RMB82.8 million).

As at 31 December 2025, the Group provided a financial guarantee to third parties of approximately RMB547.0 million (31 December 2024: approximately RMB679.5 million).

CONNECTED TRANSACTION – SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 27 January 2025, the Company and Zall Holdings Company Limited (“Zall Holdings”) entered into a subscription agreement (the “Subscription Agreement”), pursuant to which the Company conditionally agreed to issue, and Zall Holdings conditionally agreed to subscribe for, 1,200,000,000 ordinary shares (representing approximately 9.68% of the total existing issued share capital of the Company as at the date thereof) under a specific mandate at the price of HK\$0.26 per share for a consideration of HK\$312,000,000. The nominal value of such subscription shares would be approximately HK\$4,000,000. The net proceeds of the subscription were expected to amount to approximately HK\$311,700,000 and was intended to be applied principally towards repayment of the Group's debt.

The relevant resolution was not passed at the extraordinary general meeting of the Company held on 12 March 2025.

As at the date of the Subscription Agreement, Zall Holdings was interested in approximately 10.56% of the total issued share capital of the Company. Zall Holdings is wholly owned by Mr. Yan Zhi who in turn holds (i) approximately 0.60% of the total issued share capital of the Company directly; and (ii) 100% shareholding interest in Zall Development Investment Company Limited (“Zall Development”) which is interested in approximately 59.07% of the total issued share capital of the Company. Mr. Yan Zhi, Zall Holdings and Zall Development are the controlling shareholders of the Company under the Listing Rules. Accordingly, the Subscription Agreement constituted a connected transaction of the Company under the Listing Rules and was subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the announcements of the Company dated 27 January 2025 and 12 March 2025 as well as the circular of the Company dated 19 February 2025.

Management Discussion and Analysis (continued)

DISCLOSEABLE TRANSACTION – PROVISION OF GUARANTEE

On 17 October 2025, Sinoagri entered into a maximum guarantee agreement in favour of Industrial and Commercial Bank of China Limited, Wuchang branch in Wuhan (“**ICBC Wuchang**”), pursuant to which Sinoagri agreed to provide guarantee to ICBC Wuchang (the “**Guarantee**”) for aggregate outstanding loan principal up to a maximum amount of RMB147.0 million for the due performance of the repayment obligations of Hubei Agricultural Digital Trade Co., Ltd.* (湖北農業數字貿易有限公司) (“**Hubei Digital Trade**”), being a 49% owned associate of Sinoagri, under loan agreement(s) and other financing agreement(s) entered/to be entered into between Hubei Digital Trade and ICBC Wuchang during the period from 28 September 2025 to 28 September 2028 (both days inclusive).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of such provision of financial assistance is more than 5% but less than 25%, the provision of the Guarantee constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and was therefore subject to the notification and announcement requirements under the Listing Rules.

For further details, please refer to the announcements of the Company dated 17 October 2025 and 28 October 2025.

CHANGES IN ACCOUNTING POLICIES

For details of change in accounting policies, please refer to note 1(c) to the consolidated financial statements of the Company in this report.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Up to the date of this report, there are no material events affecting the Group which have occurred since the end of the financial year ended 31 December 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 1,381 full time employees (2024: 1,575). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2025, the employees benefit expenses were approximately RMB294.9 million (2024: approximately RMB315.8 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 Group establishes employee remuneration policy based on the general market environment and practices, employee responsibilities, and the Group’s financial capabilities. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The Group also invests in continuing education and training programmes for its management staff and other employees with a view to constantly upgrading their skills and knowledge.

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 2025, and no share option was lapsed, exercised or cancelled under the Share Option Scheme during the year ended 31 December 2025. 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 2025, 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 2025, no awarded shares were granted, vested, cancelled or lapsed under the Share Award Scheme.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yan Zhi (閻志), aged 53, is the executive Director, chairman and chief executive officer of the Company since the establishment of the Group and has been re-designated as co-chairman of the board since August 2015 and co-chief executive officer since July 2018, and has been re-designated from co-chairman to chairman since August 2024. He is primarily responsible for the Group's overall business and investment strategies, as well as supervising its project planning, business and operation management. He is also a member of the nomination committee of the Company. Mr. Yan also serves as director to a number of subsidiaries of the Group. Mr. Yan Zhi is the founder of the Group and has extensive industry experience in commercial property and wholesale market and other investment and enterprise management experience in various industries including finance, real estate, logistics, commerce and aviation. Mr. Yan Zhi is a non-independent director and chairman of Hanshang Group Co., Ltd. (漢商集團股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. Yan Zhi has been appointed as an independent director of DouYu International Holdings Limited, a company listed on the Nasdaq Stock Market, since July 2019. Mr. Yan Zhi was a director of LightInTheBox, a company listed on the New York Stock Exchange, from March 2016 to March 2023, and chairman of the board of LightInTheBox from June 2018 to March 2023, and has been re-appointed as director and chairman of the board of LightInTheBox from August 2024. Mr. Yan Zhi was a non-executive director and co-chairman of China Infrastructure & Logistics Group Ltd., which is listed on the Main Board of the Stock Exchange (stock code: 1719), and resigned in May 2022. Mr. Yan Zhi is the representative of the 14th National People's Congress of Hubei Province. In August 2017, he was elected as the chairman of the Wuhan Federation of Industry and Commerce. Mr. Yan Zhi received a master's degree in business administration for senior executives from Wuhan University (武漢大學) in February 2008 and his executive master of business administration degree at Cheung Kong Graduate School of Management (長江商學院) in September 2013, and was awarded a doctoral degree in Chinese History by Wuhan University in June 2018. Mr. Yan is also a director of Zall Development Investment Company Limited and Zall Holdings Company Limited, companies which have an interest in the shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the Securities and Futures Ordinance.

Dr. Gang Yu (于剛), aged 66, was appointed as an executive Director and co-chairman of the Board on 17 August 2015. Dr. Yu has resigned as co-chairman of the Board in August 2024. Dr. Yu also serves as director to a subsidiary of the Group. Dr. Yu is currently a co-founder and executive chairman of the 111 Inc., a well-known pharmaceutical e-commerce platform listed on NASDAQ, and was a cofounder and chairman emeritus of Yihaodian, a leading e-commerce company in China. Dr. Yu has extensive experience in E-commerce and operation and logistics management. Prior to founding Yihaodian, he was Vice President, Worldwide Procurement at Dell Inc. Dr. Yu also served as Vice President, Worldwide Supply Chain Operations at Amazon.com. Prior to joining Amazon, Dr. Yu served as the Jack G. Taylor Chair Professor in Business in the Department of Management Science and Information Systems at the McCombs School of Business, the University of Texas at Austin, Director of the Center for Management of Operations and Logistics, and co-Director of the Center for Decision Making under Uncertainty. Dr. Yu is also the founder, former chairman and chief executive officer of CALEB Technologies Corporation. CALEB Technologies was acquired by Accenture in a merger and acquisition in 2002. Dr. Yu obtained his bachelor's degree in science from Wuhan University in 1982 and his master's degree in science from Cornell University in 1985. Dr. Yu received his PhD from the Wharton School of Business, University of Pennsylvania in 1990. Dr. Yu was awarded Franz Edelman Award for Management Science Achievement by INFORMS, an international association in 2002. He was also awarded Excellence in Research Award (優秀研究獎) and Best Thesis Award (最佳論文獎) by International Industrial Engineer Institute (國際工業工程師協會) twice in 2002 and 2003. He was awarded Martin Starr Excellence in Production and Operations Management Practice Award (Martin Starr 生產與運營管理卓越實踐獎) by POMS, an international association in 2012. Dr. Yu published over 80 articles on international professional magazines along with 6 books and three American patents. Also, Dr. Yu was a director of Midea Group Co., Ltd (美的集團股份有限公司), which is listed on the Shenzhen Stock Exchange, from September 2018 to July 2024. Dr. Yu was a director of LightInTheBox, a company listed on the New York Stock Exchange, from March 2016 to March 2023, and an independent director of Chindata Group Holdings Limited, a company listed on Nasdaq Stock Market, from September 2020 to December 2023.

Biographical Details of Directors and Senior Management (continued)

Mr. Qi Zhiping (齊志平), aged 53, joined the Group at the acquisition of 50.6% equity interest in Sinoagri by the Group in June 2017 and was appointed as an executive Director and co-chief executive officer of the Group in July 2018. Mr. Qi is also a member of the remuneration committee and risk management committee of the Company, and serves as director to a number of subsidiaries of the Group. Mr. Qi is primarily responsible for the integrated management of the online platform of the Group and the collaboration of various platforms, and the overall strategic planning and management capacity enhancement of Sinoagri, the planning for investment and development strategy of the Group, designing commercial models, engaging in investment projects decision and management of the Group. Mr. Qi was one of the founding members of Sinoagri. He has extensive experience on operation and management of retail chain, securities investment and E-commerce and experienced in corporate governance, strategic planning and global deployment. Mr. Qi obtained his bachelor degree in corporate management from Shenzhen University in 1994. He has obtained a master degree in Executive Master of Business Administration from China Europe International Business School in 2021. Mr. Qi has been appointed as a director of LightInTheBox, a company listed on the New York Stock Exchange, since 17 August 2018 and has been appointed as the vice chairman of its board since 16 November 2018.

Mr. Yu Wei (余偉), aged 43, was appointed as an executive Director on 15 June 2021. He joined the Group in October 2015 and also serves as director to a number of subsidiaries of the Group. He had served as vice president of Zall Smart Commerce Group, co-president of Hankou North Group and chairman of Zall International Trade Group Co., Ltd. He has more than ten years of experience in travel, finance, digital trade and international commodity trading, especially in the fields of investment, commodities and digital trade, where he has accumulated profound experience and formed unique insights. He has participated in the establishment of Wuhan Zall Cloud Market Group, Singapore Commodities Intelligence Center, ZMA Smart Capital Pte Ltd. and Zall International Trade Group, and has been deeply involved in investment and financing, industrial Internet, commodity trading and international trade for many years. Mr. Yu Wei was appointed as a director of LightInTheBox, a company listed on the New York Stock Exchange, in March 2023. In addition, since 2025, Mr. Yu has served as a director on the board of directors of Zall Holdings Ltd. (held as to 99.95% by Mr. Yan Zhi, an executive director), and concurrently serves as the president of Wuhan Zall Venture Capital Co., Ltd. (卓爾創業投資有限公司). He holds a bachelor's degree in business administration from Wuhan Polytechnic University and an Executive Master of Business Administration (EMBA) from the Cheung Kong Graduate School of Business.

Ms. Fan Xiaolan (范曉蘭), aged 56, joined the Group in May 2022. She was appointed as an executive Director with effect from 1 January 2024 and is currently also a member of the nomination committee of the Company. She is the chairlady of North Hankou Group Ltd.* (漢口北集團有限公司), a subsidiary of the Company, and is primarily responsible for the operation and day-to-day management of the North Hankou business of the Group. Ms. Fan has over 15 years of experience in corporate strategy and operations management. Prior to joining the Group, Ms. Fan served as vice president of Hubei Yihua Group Ltd.* (湖北宜化集團有限責任公司) during 2008 to 2012, and served as deputy secretary and mayor of the Municipal Party Committee of Dangyang Municipal Government during 2007 to 2008, she also served as secretary of the Youth League Committee and secretary of the Party Leadership Group of Yichang City during 2003 to 2007. Ms. Fan was a member of the board of supervisors of Wuhan Huazhong CNC Co., Ltd.* (武漢華中數控股份有限公司), which is listed on the Shenzhen Stock Exchange, since April 2021, and re-designated as the chairlady of the board of supervisors from April 2022 to November 2025. She is also a member of the board of supervisors of Hanshang Group Co., Ltd.* (漢商集團股份有限公司), which is listed on the Shanghai Stock Exchange, since March 2022. Further, since 2012, Ms. Fan has served as a director of Zall Holdings Ltd.* (卓爾控股有限公司), a company established in the PRC with limited liability, held as to 99.95% as of the date of this report by Mr. Yan Zhi, an executive Director, and was redesignated to vice president of the board in January 2025. Ms. Fan obtained a master's degree in Executive Master of Business Administration (EMBA) from Cheung Kong Graduate School of Business in 2015.

Biographical Details of Directors and Senior Management (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Ka Fai (張家輝), aged 51, was appointed as an independent non-executive Director on 20 June 2011. He is also the chairman of the audit committee and a member of the nomination committee and risk management committee of the Company. Mr. Cheung has over 25 years of experience in auditing, accounting and finance. Prior to joining the Group, Mr. Cheung worked as an auditor at Deloitte Touche Tohmatsu and served as the financial controller and company secretary of two companies listed on the GEM of the Stock Exchange. Mr. Cheung was the chief financial officer and company secretary of Huscoke Holdings Limited (formerly known as Huscoke Resources Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 704), from June 2008 to July 2012 and an executive director of Huscoke Holdings Limited from October 2009 to July 2012. He served as the chief financial officer of Bonjour Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 653), from August 2012 to May 2020; and was transferred to chief executive officer from May 2020 to July 2020. Mr. Cheung served as the chief financial officer, joint company secretary and chief executive officer of International Genius Company (formerly known as Amber Hill Financial Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 33), from November 2021 to July 2023, from November 2021 to July 2025, and from July 2023 to July 2025, respectively. Mr. Cheung has been appointed as the chief financial officer of Embry Holdings Limited, a company listed on the Main Board of Stock Exchange (stock code: 1388), effective from 28 January 2026. Mr. Cheung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 1997 and a master's degree in business administration from the University of Bradford in January 2008.

Mr. Wu Ying (吳鷹), aged 66, was appointed as an independent non-executive Director on 29 February 2016. He is also the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company. Mr. Wu is currently the chairman of China Capital Group since October 2008. Prior to joining China Capital Group, Mr. Wu served as chairman and chief executive officer of UTStarcom (China) Co. Ltd for 12 years. Mr. Wu has extensive experience in telecommunication industry and venture capital investment. Mr. Wu obtained his bachelor's degree in electronic engineering from the Beijing University of Technology in 1982 and obtained his master's degree in electronic engineering from the New Jersey Institute of Technology in 1988 and obtained a doctor's degree (honoris causa) from New Jersey Institute of Technology in 2016. Mr. Wu is currently chairman of ZJBC Information Technology Co., Ltd.* (中嘉博創信息技術股份有限公司), which is listed on the Shenzhen Stock Exchange. Mr. Wu served as an independent non-executive Director of JD Health International Inc., which is listed on the Hong Kong Stock Exchange (stock code: 6618), since April 2022. Mr. Wu was an independent director of BEST Inc., which is listed on the New York Stock Exchange, from May 2022 to March 2025. Mr. Wu was chairman of the board of supervisors of Huayi Brothers Media Corporation Ltd.* (華誼兄弟傳媒股份有限公司), which is listed on the Shenzhen Stock Exchange, from March 2011 to August 2023, and a director of HyUnion Holding Co., Ltd.* (海聯金匯科技股份有限公司), which is listed on the Shenzhen Stock Exchange, from December 2016 to April 2022, and an independent non-executive director of Zhong An Online P & C Insurance Co., Ltd. (眾安在線財產保險股份有限公司), which is listed on the Hong Kong Stock Exchange (stock code: 6060), from December 2017 to March 2022.

Biographical Details of Directors and Senior Management (continued)

Mr. Zhu Zhengfu (朱征夫), aged 62, was appointed as an independent non-executive Director on 10 March 2017. He is also the chairman of the remuneration committee and risk management committee and a member of the audit committee and nomination committee of the Company. Mr. Zhu is currently the chairman of meetings of partners of Hylands Law Firm (浩天律師事務所). Prior to that, Mr. Zhu was the supervisor and executive partner of Kunlun Law Firm (廣東東方昆侖律師事務所) between 1999 and 2019. He was the deputy head of the Land Law Consultation Service Center of the Guangdong Province Land Resources Bureau (廣東省國土廳廣東地產法律諮詢服務中心) from 1995 to 1998, a partner at Guangdong Dalu Law Firm (廣東大陸律師事務所) from 1995 to 1998, the head of finance and real estate of Guangdong Economic Development Law Firm (廣州市經濟貿易律師事務所) from 1993 to 1995, and deputy department head of the economic development department of Wanbao Electronics Import and Export Co., Ltd. (萬寶電器進出口公司) from 1987 to 1993. Mr. Zhu is also an independent director of Daan Gene Co., Ltd.* (廣州達安 基因股份有限公司), which is listed on the Shenzhen Stock Exchange, since May 2022. Mr. Zhu was an independent director of Poly Developments and Holdings Group Co., Ltd.* (保利發展控股集團股份有限公司), which is listed on the Shenzhen Stock Exchange, from April 2014 to May 2022. Mr. Zhu was an independent non-executive director of Chong Kin Group Holdings Limited (創建集團(控股)有限公司), which was listed on the Hong Kong Stock Exchange (former stock code: 1609), from January 2018 to January 2021. Mr. Zhu is also a representative of the 14th National People's Congress of China and the deputy supervisor of the All China Lawyers Association. He graduated from Wuhan University with a PhD in International Economics Law in 1999 and holds a professional lawyer's certificate issued by the Ministry of Justice of the People's Republic of China.

SENIOR MANAGEMENT

Mr. Yan Zhi (閻志), Mr. Qi Zhiping (齊志平), Mr. Yu Wei (余偉) and Ms. Fan Xiaolan (范曉蘭) also serve as senior management of the Group, please refer to their biographical details as set out under the section of Executive Directors.

Mr. Zhu Guohui (朱國輝), aged 49, is the chief financial officer of the Company. Mr. Zhu joined the Group in August 2014 and is primarily responsible for the financial management and capital market of the Company. Mr. Zhu possesses over 20 years of experience in the capital markets of Hong Kong and Mainland China. Prior to joining of the Company, Mr. Zhu has worked in various financial institutions including Credit Suisse, Value Partners Group, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 806) and BNP Paribas in connection with transactions on initial public offering, merger and acquisition, direct investment and corporate financing. Mr. Zhu holds a bachelor's degree in economics from The Central University of Finance and Economics and a master's degree in international business administration from The University of Hong Kong.

Mr. Song Hanjie (宋漢傑), aged 60, is the co-president of North Hankou Group, mainly responsible for business operation and property management work of the Group. Mr. Song has approximately 13 years of experience in management of wholesale market and over 20 years of experience in the operation and management of commercial projects. Mr. Song joined the Group in September 2016 as assistant to the president of the Group till January 2018, during which period he was awarded "Contributor to the National Commodity Trading Market Development (全國商品交易市場發展功勳人物)" by the Wholesale Market Development Committee of China Marketing Association (中國市場學會批發市場發展委員會). Mr. Song has been re-designated to executive vice president of North Hankou Group since February 2018 and promoted to co-president of North Hankou Group since August 2024. Mr. Song has served as the executive vice president of the North Hankou Industry Chamber of Commerce (漢口北行業商會) in Huangpi District, Wuhan since 2019, and has served as the vice president of the Huangpi District Logistics Association (黃陂區物流行業協會) since October 2021.

Biographical Details of Directors and Senior Management (continued)

Mr. Sun Wei (孫煒), aged 48, is a senior economist, the vice president of the Group and the CEO of Sinoagri, a subsidiary of the Group. Mr. Sun also serves as director to a number of subsidiaries of the Group. Mr. Sun joined the Group in June 2017 upon the acquisition of Sinoagri by the Group and is primarily responsible for the coordination of Sinoagri's strategic positioning, overall operation and management, research and development of technology and investment projects. Mr. Sun Wei established Sinoagri in 2010 and obtained rich practical experience and innovative achievements in the fields of capital operation, industrial internet, supply chain finance and research and development of technology. Mr. Sun obtained a bachelor's degree in material forming and control engineering from Xi'an Jiaotong University in 2000, a master's degree in management science and engineering from Xi'an Jiaotong University in 2004 and a master degree in management in Executive Master of Business Administration (EMBA) from China Europe International Business School in 2015.

Mr. Pan Fujie (潘富傑), aged 48, is the CEO of Shanghai Zall Steel E-commerce Co., Ltd., a black bulk commodities industry online platform and a subsidiary of the Group. Mr. Pan also serves as director to a number of subsidiaries of the Group. Mr. Pan joined the Group in March 2018 upon the establishment of Zall Steel in joint ventures by the Group and Xiben New Line and is primarily responsible for setting strategic objectives of the Company, business model innovation and daily operation management. Mr. Pan has over 20 years of experience in operations, management and investment in the domestic and foreign trading sector of black bulk commodities such as steel, coal and mineral products, as well as years of experience in industrial internet innovation and practice. He has strategic planning, management and organizational leadership capabilities for large enterprises. Mr. Pan obtained a bachelor's degree in material management and engineering from Northern Jiaotong University (北方交通大學) in 1998, a MBA degree from Tsinghua University School of Economics and Management in 2009, and a master's degree in finance from Peking University School of Economics in 2017.

Mr. Bai Rui (白睿), aged 46, is the chairman of the board of HSH, a subsidiary of the Group. Mr. Bai also serves as director to a number of subsidiaries of the Group. He joined the Group in January 2020, and is mainly responsible for the development strategy planning, corporate governance structure, risk management supervision and etc. In 2010, Mr. Bai graduated from Shandong University with a bachelor's degree in business administration and obtained an EMBA degree from Xiamen University. Prior to joining HSH, he served as a director and the general manager of Shanghai Gangyin E-Commerce Holdings Co., Ltd. During his tenure, he completed the steady transformation of different business models under the original system, and built a "seamless trading platform" integrating spot trading, online financing, payment and settlement, warehousing and logistics and other ancillary services, providing whole-process solutions for the industrial chain.

Mr. Zhao Kai (趙凱), aged 36, is the chief executive officer of HSH, a subsidiary of the Group. Mr. Zhao also serves as a director of several subsidiaries of the Group. He joined the Group in July 2017 and was responsible for the overall operation and management of HSH, the establishment of risk control system and core team from 2025. Mr. Zhao graduated from Huazhong Agricultural University in 2014 with dual bachelor's degrees in law and economics, and obtained a master's degree in management from Huazhong Agricultural University in 2017. Prior to joining HSH, Mr. Zhao served as the general manager of Zall Ecological Agriculture Development (Wuhan) Co., Ltd.* (卓爾生態農業發展(武漢)有限公司), when he oversaw the operation of multiple agricultural companies. He has extensive experience in industrial platform operation, supply chain management and business process management.

* The English translation of the Chinese names of the companies is for illustration purpose only.

Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 September 2010 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 14 to the consolidated financial statements. Save for the business transformation provided in the section headed "Management Discussion and Analysis" of this annual report, there were no significant changes in the nature of the Group's principal activities during the year under review.

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company that occurred during the year ended 31 December 2025 are provided in the section headed "Chairman's Statement" on pages 4 to 7, the section headed "Management Discussion and Analysis" on pages 8 to 20 and the section headed "Management of Key Risks" on pages 61 to 64 of this annual report. An account of the Company's relationships with its key stakeholders is included in the paragraph headed "Relationships with Employees, Suppliers and Customers" of the report of the Directors on page 34 of this annual report.

An analysis of the Group's performance during the year ended 31 December 2025 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 8 to 20 of this annual report.

In addition, details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company will be provided in the Environmental Social and Governance Report which will be published on the websites of the Company (www.zallcn.com) and the Stock Exchange (www.hkexnews.hk).

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 75.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (corresponding period in 2024: Nil). No interim dividend was paid or declared during the year ended 31 December 2025.

Report of the Directors (continued)

FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at that date are set out on pages 75 to 191.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2025 are set out on pages 79 to 80.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB2,672 million (2024: RMB4,255 million).

GROUP FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are summarised on page 196 of this annual report.

SHARE CAPITAL

Changes in share capital of the Company for the year ended 31 December 2025 and as at that date are set out in note 30(b) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Directors are not aware of any tax relief available to shareholders by reason of their holding of the Company's securities.

Report of the Directors (continued)

SHARE OPTION SCHEMES

(a) 2011 Share Option Scheme

On 20 June 2011, the 2011 Share Option Scheme was approved and adopted by the then Shareholders for a period of 10 years commencing on the adoption date. The 2011 Share Option Scheme has expired on 20 June 2021. A summary of the principal terms of the 2011 Share Option Scheme is set out as follows.

The following is a summary of the principal terms of the 2011 Share Option Scheme:

1. Purpose of the 2011 Share Option Scheme

The 2011 Share Option Scheme is established to recognize and acknowledge the contributions of the 2011 Eligible Participants had or may have made to the Group. The 2011 Share Option Scheme will provide the 2011 Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the 2011 Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the 2011 Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the 2011 Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively, the "2011 Eligible Participants") to subscribe for such number of new shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. Total number of shares available for issue under the 2011 Share Option Scheme

The 2011 Share Option Scheme expired on 20 June, 2021. At the beginning and at the end of the year ended 31 December 2025, no outstanding share options was available for grant under the 2011 Share Option Scheme. Notwithstanding its expiration, the share options which have been granted and remained outstanding (i.e. 15,547,407 share options) shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2011 Share Option Scheme and the Listing Rules. As at the date of this report, there are 15,547,407 outstanding share options, representing approximately 0.13% of the issued shares of the Company (excluding treasury shares) as at the date of this report.

Report of the Directors (continued)

4. Maximum entitlement of each participant under the 2011 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2011 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each 2011 Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the 2011 Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2) and the disclaimer required under 17.02(4) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"); and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such 2011 Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the shares must be exercised under the 2011 Share Option Scheme

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the 2011 Share Option Scheme.

6. The amount payable on acceptance of the option and the period within which payments must or may be made

Options granted must be taken up within the prescribed acceptance period, upon payment of HKD1 per grant.

7. Movement of Share Options during the year under review

During the year ended 31 December 2025, details of movements in the share options under the 2011 Share Option Scheme (the "Share Option(s)") are as follows:

Category of participant	Date of Grant	Exercise price per share	Vesting date and exercise period	Balance as at 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2025	Price per Share immediately before the date of grant	Price per Share on exercise date
Directors:											
Mr. Qi Zhiping	22 December 2017	HK\$8.48 (Note 3)	From the date when the exercise conditions are met to 21 December 2027 (Note 1)	777,371	Nil	Nil	Nil	Nil	777,371	HK\$8.46	Nil (Note 2)
Spouse of Mr. Qi Zhiping	22 December 2017	HK\$8.48 (Note 3)	From the date when the exercise conditions are met to 21 December 2027 (Note 1)	13,992,665	Nil	Nil	Nil	Nil	13,992,665	HK\$8.46	Nil (Note 2)
Employees of the Group	22 December 2017	HK\$8.48 (Note 3)	From the date when the exercise conditions are met to 21 December 2027 (Note 1)	777,371	Nil	Nil	Nil	Nil	777,371	HK\$8.46	Nil (Note 2)
Total				15,547,407	Nil	Nil	Nil	Nil	15,547,407		

Report of the Directors (continued)

Notes:

1. Such Share Options shall be exercisable upon fulfilment of certain financial performance targets set out in the respective letters of the grant. For further details of the financial performance targets, please refer to the paragraph headed "Management Shares and Management Options" in the circular of the Company dated 15 February 2017.
2. No Share Options had been granted, exercised, lapsed or cancelled during the year ended 31 December 2025.
3. For the basis of determining the exercise price, please refer to the announcement of the Company dated 22 December 2017.

Save as disclosed above, there were no outstanding Share Options at the beginning and/or at the end of the year ended 31 December 2025.

(b) 2021 Share Option Scheme

In view of expiry of 2011 Share Option Scheme, the 2021 share option scheme was approved and adopted by the Company on 28 May 2021 (the "2021 Share Option Scheme") for the purpose of providing incentives and rewards to the selected Eligible Participants (as defined in paragraph 2 below) for their contribution or potential contribution to the development and the growth of the Group.

The following is a summary of the principal terms of the 2021 Share Option Scheme:

1. Purpose of the 2021 Share Option Scheme

The purpose of the 2021 Share Option Scheme is to enable the Company to grant Options to Eligible Participants (as defined in paragraph 2 below) as incentives or rewards for their contribution or potential contribution to the Group.

2. Participants of the 2021 Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, agents, suppliers, customers, distributors who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

3. Total number of shares available for issue under the 2021 Share Option Scheme

The maximum number of shares which may be issued upon exercise of options which may be granted under the 2021 Share Option Scheme and any other share option schemes (if any) shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date (i.e. 1,178,282,580 shares). At the beginning and at the end of the year ended 31 December 2025, 1,178,282,580 outstanding share options was available for grant under the 2021 Share Option Scheme. As at the date of this report, the number of shares available for issue under the 2021 Share Option Scheme and any other share option schemes (if any) amounted to 1,178,282,580 shares, representing approximately 9.5% of the issued share capital (excluding treasury shares) of the Company.

Report of the Directors (continued)

4. Maximum entitlement of each participant under the 2021 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2021 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the options must be exercised under the 2021 Share Option Scheme

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the 2021 Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised under the terms of the 2021 Share Option Scheme.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

Options granted must be taken up within 30 days of the date of offer, upon payment of HKD1 per grant.

8. The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the 2021 Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange daily quotation sheets on the date of grant of options;
- (ii) the average of the official closing prices of the shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant of options; and
- (iii) the nominal value of a share.

Report of the Directors (continued)

9. The remaining life of the 2021 Share Option Scheme

The 2021 Share Option Scheme will remain in force for a period of 10 years commencing on 28 May 2021. The remaining life of the 2021 Share Option Scheme is approximately 5.1 years.

During the year ended 31 December 2025, no share options were granted by the Company in accordance with the terms of the 2021 Share Option Scheme. No share options had been exercised, cancelled or lapsed during the year ended 31 December 2025. There were no outstanding share options under the 2021 Share Option Scheme at the beginning and/or at the end of the year ended 31 December 2025.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 December 2021. The Board may, from time to time, at its absolute discretion, determine the criteria for any Selected Employees to participate in the Share Award Scheme as award holders in accordance with the rules of the Share Award Scheme. The Selected Employees may be granted the Awarded Shares. The Awarded Shares to be granted under the Share Award Scheme are ordinary shares in the capital of the Company.

The Company entrusted an independent trustee appointed by the Board to hold the shares awarded by the Administration Committee under the Share Award Scheme on behalf of the Selected Employees on trust, until such Awarded Shares are vested with the relevant Selected Employees in accordance with the rules of the Share Award Scheme and the trust deed entered into between the Company and the independent trustee. Please refer to the announcement of the Company dated 10 December 2021 for further details of the Share Award Scheme.

The following is a summary of the principal terms of the Share Award Scheme:

1. Purpose of the Share Award Scheme

The purposes of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

2. Participants of the Share Award Scheme

The Administration Committee would, from time to time, at its absolute discretion select any employee (including without limitation any director) of any member of the Group (other than any excluded employee) for participation in the Share Award Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration, and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

In determining the number of Awarded Shares to be granted to any Selected Employee, the Administration Committee shall take into account the Selected Employees' contribution and expected contribution to the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan and other matter which the administration committee considers relevant.

Report of the Directors (continued)

3. Total number of shares available for issue under the Share Award Scheme

The maximum number of Shares available for issue under the Share Award Scheme shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date (i.e. 1,178,282,580 Shares). At the beginning and at the end of the year ended 31 December 2025, 1,161,602,580 shares were available for grant under the Share Award Scheme. As at the date of this report, the number of Shares available for issue under the Share Award Scheme amounted to 1,161,602,580 shares, representing approximately 9.4% of the issued share capital (excluding treasury shares) of the Company.

4. Maximum entitlement of each participant under the Share Award Scheme

The maximum number of Shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed 1% of the issued Shares from time to time.

5. The period within which the options must be exercised under the Share Award Scheme

Not applicable.

6. The vesting period of awards granted under the Share Award Scheme

When a Selected Employee has satisfied all vesting conditions specified (and as may be waived or amended from time to time) by the administration committee and becomes entitled to the Awarded Shares, the Trustee shall either transfer the Vesting Shares to such Selected Employee on the Vesting Date, or cause the Vesting Shares to be sold with the proceeds of sale (after the deduction of related sale expenses) to be transferred to the Selected Employee.

7. The amount payable on application or acceptance of the award and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

Not applicable as the Awarded Shares shall be granted to the Selected Employees who have accepted the grant of an award for nil consideration.

8. The basis of determining the purchase price of shares awarded

As the Awarded Shares are to be made as awards by the Administration Committee, the Awarded Shares shall be granted to the Selected Employees who have accepted the grant of an award for nil consideration.

9. The remaining life of the Share Award Scheme

The Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Employee thereunder. Subject to the rules of the Share Award Scheme, the remaining life of the Share Award Scheme is approximately 5.6 years.

During the year ended 31 December 2025, no Awarded Shares were granted by the Company in accordance with the terms of the Share Award Scheme. No Awarded Shares had been vested, cancelled or lapsed during the year ended 31 December 2025. There were no unvested Awarded Shares under the Share Award Scheme at the beginning and at the end of the year ended 31 December 2025.

Report of the Directors (continued)

FURTHER UPDATE ON THE PROGRESS OF THE VERY SUBSTANTIAL ACQUISITION

References are made to the announcements of the Company dated 27 June 2017, 2 April 2018, 2 October 2018, 18 October 2018, 1 April 2019, 30 September 2019, 29 November 2019, 23 January 2020, 31 March 2021, 31 August 2021, 31 December 2021, 30 June 2022 and 3 January 2023 (collectively, the “Announcements”), the annual reports of the Company dated 31 March 2023, 28 March 2024 and 31 March 2025, the interim reports of the Company dated 31 August 2023, 30 August 2024 and 29 August 2025, and the circular of the Company dated 11 December 2017 (the “Circular”) in relation to, among other things, the Further Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcements and the Circular.

As stated in the interim report of the Company dated 29 August 2025, a separate share purchase agreement has been entered into between the Parties for the acquisition of the second tranche of the Subsequent Target Equity Interest (being 3% of the total equity interest of the Project Company). As at the date of this annual report, the Parties are still in the progress of fulfilling the remaining conditions precedent of the second tranche of the Subsequent Acquisition, in particular, the settlement of the remaining 80% of the consideration (i.e. approximately RMB88 million). The Company shall publish further announcement(s) for and/or disclose in its financial report(s) details of the latest development and/or completion of the Subsequent Acquisition to keep the Shareholders and potential investors of the Company informed.

MAJOR SUPPLIERS AND CUSTOMERS

During the year under review, the aggregate sales attributable to the Group’s five largest customers were less than 30%, comprised approximately 23.4% (2024: 17.0%) of the Group’s total sales; and the sales attributable to the Group’s largest customer were approximately 6.6% (2024: 6.0%) of the Group’s total sales.

The aggregate purchases during the year under review attributable to the Group’s five largest suppliers were less than 30%, at approximately 20.4% (2024: 18.0%) of the Group’s total purchases; and the purchases attributable to the Group’s largest supplier were approximately 6.5% (2024: 9.1%) of the Group’s total purchases. Purchases of the Group include purchases which are required on a regular basis to enable the Group to continue to supply its customers. Accordingly, purchases include, but not limited to, land purchased from the government and the cost of construction materials, and goods purchased from suppliers.

To the best of the knowledge of the Directors, none of the Directors, their close associates or any shareholder which owns more than 5% of the Company’s issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides a competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group’s business is built on a customer-oriented culture. The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards and high quality products to its customers. During the year under review, there was no material and significant dispute between the Group and its suppliers and/or customers.

Report of the Directors (continued)

INTEREST-BEARING BORROWINGS

Particulars of interest-bearing borrowings of the Group as at 31 December 2025 are set out in note 25 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year under review amounted to approximately RMBnil (2024: RMB800,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

INVESTMENT PROPERTIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 10 to the consolidated financial statements. Particulars of investment properties, properties under development and completed properties held for sale are shown under the section of “Major Properties Information” on pages 192 to 195.

SIGNIFICANT INVESTMENT HELD

Investment properties constitute the main part of the Group’s offline markets. Through self-owned capital, bank borrowings and etc., the Group will continue the investment in the market, promote the upgrade of North Hankou, 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.

Particulars of major properties (Investment Properties) of the Group as at 31 December 2025 are set out in the section headed “Major Properties Information” on pages 192 to 195 of this annual report.

FUTURE MAJOR INVESTMENT PLANS AND CAPITAL ASSETS

The Group plans to continue to invest in the project of Hankou North International Commodity Exchange Center. On the basis of the maintenance of original property development advantages, it will continue to expand industrial parks, logistics parks and warehousing facilities, increase the market value of supply chain infrastructure, and build the Hankou North project into the important market hub and “China’s largest, world-leading” modern business logistics platform in the central and western regions. Except for continuing to increase its shareholding in some existing businesses, the Group has no plans to implement large-scale mergers and acquisitions. The Group plans to adopt a variety of measures to adjust the financing structure, improve operations and increase capital inflows to ensure that the Group’s capital expenditures and operating needs are met, including implementation of various strategies for the improvement of the Group’s supply chain management and trading businesses income, property sale and property rental income for additional operating cash inflow; the Group is actively and regularly reviewing the capital structure, and will consider raising additional sources of funds by issuing the debentures or new shares where appropriate; and the Group may sell non-core businesses and assets to raise more funds.

Report of the Directors (continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025 and the date of this annual report, the Company does not hold any treasury shares.

DIRECTORS

The Directors who held office in the Company during the year and up to the date of this report are:

Executive Directors:

Mr. Yan Zhi (*Chairman and Co-Chief Executive Officer*)
Dr. Gang Yu
Mr. Qi Zhiping (*Co-Chief Executive Officer*)
Mr. Yu Wei
Ms. Fan Xiaolan

Independent Non-Executive Directors:

Mr. Cheung Ka Fai
Mr. Wu Ying
Mr. Zhu Zhengfu

In accordance with article 84(1) of the Articles, at each annual general meeting, one-third of the Directors shall retire from office by rotation, accordingly each of Ms. Fan Xiaolan, Mr. Cheung Ka Fai and Mr. Zhu Zhengfu will retire from the office of Director by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on 28 May 2026 (the "AGM").

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 21 to 25 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence as regards the factors referred to in Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Report of the Directors (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has adopted internal control and risk management policies to monitor the on-going compliance with relevant laws and regulations. As far as the Board is concerned, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries in all material aspects.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report. The Directors' certain updated information is set out below:

1. Ms. Fan Xiaolan resigned as the chairlady of the board of supervisors of Wuhan Huazhong CNC Co., Ltd.* (武漢華中數控股份有限公司), which is listed on the Shenzhen Stock Exchange, in November 2025.
2. Mr. Cheung Ka Fai was appointed as the chief financial officer of Embry Holdings Limited, a company listed on the Main Board of Stock Exchange (stock code: 1388), on 28 January 2026.
3. Ms. Fan Xiaolan (an executive Director) and Mr. Zhu Zhengfu (an independent non-executive Director) have been appointed as members of the nomination committee of the Board, effective from 1 January 2026.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles. In addition, the Company has arranged appropriate directors' and officers' liability insurance cover for the Directors and officers of the Group.

DIRECTORS' EMOLUMENTS AND EMOLUMENT POLICY

The remuneration committee of the Company (the "Remuneration Committee") considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors and senior management, taking into consideration of the recent trend of labor market, the overall emolument policy and structure of the Directors and senior management. The remuneration of the Directors is determined with reference to, among other things, prevailing market conditions, the performance of the Group as well as the time commitment, responsibilities and performance of the relevant Director. The remuneration of all Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of Directors' emoluments are set out in note 7 to the consolidated financial statements.

Report of the Directors (continued)

INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Details of the continuing connected transactions and material related party transactions are disclosed in this report and in note 34 to the consolidated financial statements.

Save as disclosed in this report, no Directors nor an entity connected with any of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisted during or at the end of the year ended 31 December 2025.

Save as disclosed in this report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders or their subsidiaries, during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors held any interests in any business which competes or is likely to compete, directly or indirectly, with the business of the Company or any of its jointly controlled entities and subsidiaries during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

Save for the share option schemes adopted by the Company on 20 June 2011 and 28 May 2021 as disclosed in the section headed "Share Option Schemes", and the share award scheme adopted by the Company on 10 December 2022 as disclosed in the section headed "Share Award Scheme" in this report, no equity-linked agreement was entered into during the year or subsisted at the end of the year.

MANAGEMENT CONTRACTS

Except for service contracts with Directors of the Company, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Schemes" and "Share Award Scheme" in this report, at no time during the year under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or chief executive of the Company or their spouses or minor children had any right to subscribe for equity and debt securities of the Company or any of its associated corporations or had exercised any such right during the year under review.

Report of the Directors (continued)

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of each Director and chief executive in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Interests in shares and underlying shares of the Company

Name of Director	Nature of interest	Number of ordinary shares/ underlying shares held as at 31 December 2025	Approximate percentage of shareholding as at 31 December 2025 ⁽⁴⁾
Mr. Yan Zhi	Interest of controlled corporations	8,633,306,868 (L) ⁽¹⁾	69.63%
	Beneficial owner	73,833,000 (L)	0.60%
Dr. Gang Yu	Beneficial owner	270,000 (L)	0.00%
	Interest of spouse	11,800,000 (L)	0.10%
	Interest of controlled corporation	90,690,840 (L) ⁽³⁾	0.73%
Mr. Qi Zhiping	Beneficial owner	4,294,551 (L) ^{(2)(a)}	0.03%
	Interest of spouse	16,771,924 (L) ^{(2)(b)}	0.14%
Mr. Yu Wei	Beneficial owner	290,000 (L)	0.00%
Ms. Fan Xiaolan	Beneficial owner	270,000 (L)	0.00%
Mr. Cheung Ka Fai	Beneficial owner	180,000 (L)	0.00%
Mr. Wu Ying	Beneficial owner	180,000 (L)	0.00%
Mr. Zhu Zhengfu	Beneficial owner	180,000 (L)	0.00%

(L) represents long position.

Report of the Directors (continued)

Notes:

- (1) The 7,323,906,268 shares and 1,309,400,600 shares are held by Zall Development Investment Company Limited ("Zall Development Investment") and Zall Holdings Company Limited ("Zall Holdings"), respectively. Both companies are wholly owned by Mr. Yan Zhi.
- (2)
 - (a) These interests comprise (i) 3,517,180 shares; and (ii) 777,371 underlying shares in respect of share options granted by the Company pursuant to the 2011 Share Option Scheme, details of which are set out in the section headed "Share Option Schemes".
 - (b) These interests comprise (i) 2,779,259 shares; and (ii) 13,992,665 underlying shares in respect of share options granted by the Company to the spouse of Mr. Qi Zhiping pursuant to the 2011 Share Option Scheme, details of which are set out in the section headed "Share Option Schemes". By virtue of the SFO, Mr. Qi Zhiping is deemed to be interested in the shares held by his spouse.
- (3) The 90,690,840 shares are held by Smartedge Group Limited, an entity owned as to 50% each by Dr. Gang Yu and his spouse.
- (4) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2025 (12,399,505,800 ordinary shares).

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors (continued)

INTERESTS OF SUBSTANTIAL SHAREHOLDER(S) AND OTHER PERSONS

So far as is known to any Director, as at 31 December 2025, the following persons (other than a Director or chief executive of the Company) had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of ordinary shares/ underlying shares held as at 31 December 2025	Approximate percentage of shareholding as at 31 December 2025 ⁽³⁾
<i>Substantial shareholder</i>			
Zall Development Investment	Beneficial owner	7,323,906,268 (L) ⁽¹⁾	59.07%
Zall Holdings	Beneficial owner	1,309,400,600 (L) ⁽¹⁾	10.56%
<i>Other persons</i>			
China CITIC Financial Asset Management Co., Ltd.	Interest of controlled corporation	685,689,000 (L) ⁽²⁾	5.53%
Huarong Huaqiao Asset Management Co., Ltd.	Interest of controlled corporation	685,689,000 (L) ⁽²⁾	5.53%
Leung Fredric Hin Hang	Others	685,689,000 (L) ⁽³⁾	5.53%
So Kit Yee Anita	Others	685,689,000 (L) ⁽³⁾	5.53%

(L) represents long position.

Notes:

- (1) Zall Development Investment and Zall Holdings are companies wholly owned by Mr. Yan Zhi.
- (2) The 535,689,000 shares and 150,000,000 shares (685,689,000 shares in total) are held by Dream Heaven Limited and Superb Colour Limited respectively. Both companies are indirectly and wholly owned by Huarong Huaqiao Asset Management Co., Ltd., which in turn is owned as to approximately 91% by China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Limited).
- (3) According to the disclosure of interest notices dated 1 April 2025 and published on the website of the Stock Exchange, pursuant to a deed of appointment of receivers dated 28 March 2025, Mr. Leung Fredric Hin Hang and Ms. So Kit Yee Anita have been appointed as the joint and several receivers over 685,689,000 shares of the Company.
- (4) The percentages are calculated based on the total number of Shares of the Company in issue as at 31 December 2025 which was 12,399,505,800.

Report of the Directors (continued)

There was a duplication of interest of 7,323,906,268 shares between Mr. Yan Zhi and Zall Development Investment, and a duplication of interest of 1,309,400,600 shares between Mr. Yan Zhi and Zall Holdings.

There was a duplication of interest of 685,689,000 shares among Huarong Huaqiao Asset Management Co., Ltd. and China CITIC Financial Asset Management Co., Ltd.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Details of the Company's issued share capital is set out in note 30 to the consolidated financial statements. As at 31 December 2025, the Company has one class of shares in issue, which ranks pari passu with each other in all respects.

The applicable public float threshold for the Company is the initial prescribed threshold of at least 15% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public.

The Stock Exchange has exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% at the time of listing. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, (i) the Company has complied with the requirements under Rule 13.32B of the Listing Rules and maintained sufficient public float of the Company's securities during the financial year ended 31 December 2025 and up to the date of this report; and (ii) approximately 28.89% of the total issued shares of the Company (excluding treasury shares, if any) were held by the public as at 31 December 2025. For information on the composition of ownership of the Company's ordinary shares listed on the Stock Exchange, please refer to the paragraph headed "Interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures" and "Interests of Substantial Shareholder(s) and Other Persons" above.

RETIREMENT BENEFIT PLANS

The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 14%–16% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

Report of the Directors (continued)

For the year ended 31 December 2025, the Group's total contributions to the retirement schemes charged in the consolidated statement of profit or loss amounted to approximately RMB19.9 million (2024: approximately RMB21.0 million).

There are not any forfeited contributions that may be used by the Group to reduce the existing level of contributions.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group conducted the following continuing connected transactions:

(a) Strategic Framework Agreement with Wuhan Z-Bank dated 9 July 2018

On 9 July 2018, the Company entered into a strategic framework agreement (the "Framework Agreement") with Wuhan Zhongbang Bank Co. Ltd.* (武漢眾邦銀行股份有限公司) ("Wuhan Z-Bank") in relation to (a) provision of bank deposits services by Wuhan Z-Bank to the Group; (b) provision of fund settlement, payment and other financial services by Wuhan Z-Bank to the Group; and (c) the Group referring customers to Wuhan Z-Bank for loan and credit facilities services.

The Framework Agreement was entered into for a term from 9 July 2018 to 31 December 2020 and renewed to 31 December 2023. On 29 December 2023, the Company entered into the renewed 2024 Strategic Framework Agreement with Wuhan Z-Bank for three years from 1 January 2024 to 31 December 2026, pursuant to which the parties agreed that the Framework Agreement shall be further renewed to facilitate the continuous development of the Trading Platforms and the provision of supply chain finance services by the Group. For details, please refer to the announcement of the Company dated on 29 December 2023. The pricing arrangements for the above financial services are as follows:

- (1) the interest rate for deposits placed by the Group with Wuhan Z-Bank shall not be lower than the rate prescribed by The People's Bank of China ("PBOC") for the same type of deposit with similar terms and not lower than the interest rate for deposits of a similar nature provided to the Group by other independent commercial banks in the PRC;
- (2) the services fees charged by Wuhan Z-Bank for the provision of the fund settlement, payment and other financial services are determined according to the fee rates fixed by the PBOC or the China Banking Regulatory Commission and if such fixed fee rates are not available, the services fees are negotiated on arm's length basis taking into account the market conditions and by reference to the fee rates charged by normal commercial banks in the PRC for comparable services; and
- (3) the Group will not receive any fee from Wuhan Z-Bank resulting from or in relation to members of the Group referring customers to Wuhan Z-Bank.

Wuhan Z-Bank is directly owned as to 30% by Zall Holdings Ltd.* (卓爾控股有限公司), a company which is owned as to 99.95% by Mr. Yan Zhi. Accordingly, Wuhan Z-Bank is a connected person of the Company under the Listing Rules, and the entering into of the Framework Agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Report of the Directors (continued)

For the year ended 31 December 2025, the maximum daily balance (including interests accrued thereon) of deposits placed by the Group with Wuhan Z-Bank amounted to approximately RMB92 million (2024: approximately RMB122 million) which is within the daily deposit cap of RMB138 million.

* The English translation of the Chinese names of the companies established in PRC is for illustration purpose only.

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed and confirmed that for the year ended 31 December 2025, the continuing connected transactions as set out above have been entered into by the Group:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION BY THE AUDITOR OF THE COMPANY

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged Baker Tilly Hong Kong Limited, auditor of the Company (the "Auditor") to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken during the year are set out in note 34 to the consolidated financial statements. For those related party transactions that constituted connected transactions or continuing connection transactions (as the case may be) (other than those described in the sections above headed "Connected Transaction – Subscription of New Shares under Specific Mandate" and "Continuing Connected Transactions"), these transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Save as disclosed in this annual report, none of the related party transactions falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Report of the Directors (continued)

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, 22 May 2026 to Thursday, 28 May 2026 (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 not later than 4:00 p.m. on Thursday, 21 May 2026.

SIGNIFICANT SUBSEQUENT EVENTS AFTER THE YEAR

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

AUDIT COMMITTEE

The Group's annual report for the year ended 31 December 2025 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report.

AUDITORS

There were no changes in auditor of the Company during the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by Baker Tilly. Baker Tilly will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly as auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board
Qi Zhiping
Director

Hong Kong, 31 March 2026

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2025.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders of the Company.

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 upon the listing of its shares on the Stock Exchange. 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 2025. During the year ended 31 December 2025, the Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparation and fair presentation of the consolidated financial statements of the Group. The Directors are aware of the Group's net current liabilities of approximately RMB6,090,826,000 as at 31 December 2025 and these conditions along with other matters indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Further discussion on this issue has been set out in the note 1(b) to the consolidated financial statements in this report.

A statement by the Independent Auditor about its reporting and its responsibilities is set out in the Independent Auditor's Report on pages 69 to 74 of this Annual Report.

THE BOARD

As at the date of this report, the Board consists of eight Directors, five of whom are executive Directors and three of whom are independent non-executive Directors. The composition of the Board is set out in the section headed "Corporate Information" on page 2 of this annual report.

Corporate Governance Report (continued)

The functions and duties conferred on the Board include convening shareholders' meetings and reporting on the work of the Board to the shareholders at shareholders' meetings as may be required by applicable laws, implementing resolutions passed at shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions, setting management targets and supervising the performance of management as well as exercising other powers, functions and duties as conferred on it by the Articles and applicable laws.

The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group.

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The monthly updates provided to the Directors give a balanced and concise assessment of the Company's performance, position and prospects in sufficient details and enables the Board as a whole and each Director to discharge his or her duty. The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by Directors.

According to the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election at that meeting. In addition, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

The biographical details of the current Board members are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 21 to 25 of this annual report. Save as otherwise disclosed, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Corporate Governance Report (continued)

Chairman and Chief Executive Officer

Mr. Yan Zhi is the chairman of the Company who is responsible for enabling effective operation of the Board. Mr. Yan Zhi and Mr. Qi Zhiping are the co-chief executive officers of the Company who are responsible for the day-to-day management of the Group.

Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years, subject to retirement by rotation in accordance with the Articles.

The Company has received an annual confirmation of independence as regards the factors referred to in Rule 3.13 of the Listing Rules from each of its independent non-executive Directors. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

The independent non-executive Directors have made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They benefit the Board and the Board Committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participants at the meetings of the Board and the Board committees.

In addition to the regular Board Meetings, the Chairman met with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Mechanisms of independent views

The Company recognises that diversity and independence views available to the Board are critical to good corporate governance and the effectiveness of the Board. The Board has established mechanisms to ensure independent views and input from any Director of the Company are available to the Board for enhancing an objective and effective decision making. The following mechanisms are reviewed by the Board annually to ensure the effectiveness. A summary of the mechanism is set out below:

- (i) Composition — Establish and maintain a nomination committee with clear terms of reference to identify suitable candidates for appointment as directors, including independent non-executive directors. The Board is committed to ensuring at least three independent non-executive directors are appointed and at least one-third of the members are independent non-executive directors in accordance with the requirements of the Listing Rules.

Corporate Governance Report (continued)

- (ii) Independence — Each independent non-executive director shall, upon appointment as a director, confirm his/her independence in writing to the Company in accordance with the Company's nomination policy, the Listing Rules and other regulatory requirements. The non-executive director must notify the company as soon as possible if there is any change in his personal information which may affect his independence. The Nomination Committee shall assess the independence of all independent non-executive directors annually that each independent non-executive director maintains the independence standards set out in the Listing Rules, to ensure that they can continually exercise independent judgement for the advice to the Board. A director (including independent non-executive director) who has material interests on the board resolution shall abstain from voting on that resolution.
- (iii) Decision-making — Independent non-executive directors shall devote sufficient time to discharge their duties as directors and shall actively participate in board/committee meetings to express their views and opinions in order to provide constructive advice to the management. Independent non-executive directors (and Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.
- (iv) Effectiveness — The Nomination Committee shall conduct assessment annually on the composition of the board of directors, and evaluate the composition and contributions of directors, to ensure independent views and input are available to the Board.

Board Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in person, participation by telephone conference is available.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

During the year ended 31 December 2025, the Directors have made active contribution to the affairs of the Group and four Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. The Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

Directors and officers liabilities insurance

The Company has arranged appropriate and sufficient insurance coverage on Directors' liabilities in respect of potential legal actions taken against Directors arising out of corporate activities.

Corporate Governance Report (continued)

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following committees to oversee the particular aspects of the Group's affairs. Each of these committees comprises Directors who are being invited to join as members. The terms of reference of all the committees as stated below are posted on the Company's website and the Stock Exchange's website.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and 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, internal control principles and risk management of the Company, and to assist the Board to fulfill its responsibilities over audit and to monitor and perform the corporate governance duties as set out in the CG Code.

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

During the year ended 31 December 2025, the Audit Committee met three times and it has reviewed the Group's consolidated financial statements for the six months ended 30 June 2025 and for the year ended 31 December 2024. It has also considered the appointment of external auditor and approved their remuneration and terms of engagement of the external auditors. It has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters with the management and the external auditor, and has reviewed the Company's internal control systems and discussed the risk management and internal control systems with management to ensure that the management has performed its duty effectively.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Audit Committee is also responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations
- to review and monitor the training and continuous professional development of the directors and senior management
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable)

Corporate Governance Report (continued)

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group
- to review the Group's compliance with the CG Code and disclosure requirements therein

The Audit Committee had reviewed the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements including the compliance with the CG Code during the year ended 31 December 2025. The Audit Committee also reviewed the training and continuous development of directors and senior management.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 June 2011 with written terms of reference in compliance with the CG Code. The principal responsibilities of the Remuneration Committee are to formulate and recommend remuneration policy to the Board, to make recommendations to the Board on the remuneration of executive Directors and members of senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and to make recommendations to the Board on the remuneration of non-executive Directors and other remuneration related issues. The Board expects the Remuneration Committee to exercise independent judgment and ensures that other Directors do not participate in the determination of their own remuneration.

The Remuneration Committee consists of two independent non-executive Directors, Mr. Zhu Zhengfu and Mr. Wu Ying, and one executive Director, Mr. Qi Zhiping. Mr. Zhu Zhengfu serves as the chairman of the Remuneration Committee.

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 share options, so as to attract and retain top quality staff. The Remuneration Committee reviews such packages annually, or when the occasion requires. For details of remuneration policy of Directors, please refer to the section headed "Directors' Emoluments and Emolument Policy" set out in the Report of the Directors contained in this report. Details of the Directors' remuneration for the year ended 31 December 2025 are set out in Note 7 to the consolidated financial statements.

During the year, the Remuneration Committee met twice to, among other things (i) review the remuneration policy of the Company, including the structure and level of remuneration payable to the Directors and senior management of the Company, (ii) review the annual remuneration package of each of the individual Directors of the Company and make recommendation to the Board, and (iii) assessed the performance of executive Directors.

Corporate Governance Report (continued)

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 20 June 2011 with its written terms of reference in compliance with the CG code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors.

When considering the suitability of a candidate for directorship, the Nomination Committee also considers the "Board Diversity Policy" adopted by the Board on 30 August 2013 and the requirements under the Listing Rules. In considering the diversity of the Board, aspects including, but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge were considered.

Based on the above criteria, the Nomination Committee has reviewed the composition of the Board and confirmed that the existing Board was appropriately structured and no change was required.

The Nomination Committee consists of three independent non-executive Directors, Mr. Wu Ying, Mr. Cheung Ka Fai and Mr. Zhu Zhengfu, and two executive Directors, Mr. Yan Zhi and Ms. Fan Xiaolan. Mr. Wu Ying serves as the chairman of the Nomination Committee.

During the year, the Nomination Committee met twice to review the structure, size and composition of the Board and considered that the current Board consists of a diverse mix of members appropriate to the requirements of the businesses of the Company. It has also considered and recommended to the Board for approval the list of retiring Directors for re-election at the forthcoming AGM of the Company.

Board Diversity Policy and Measurable Objectives

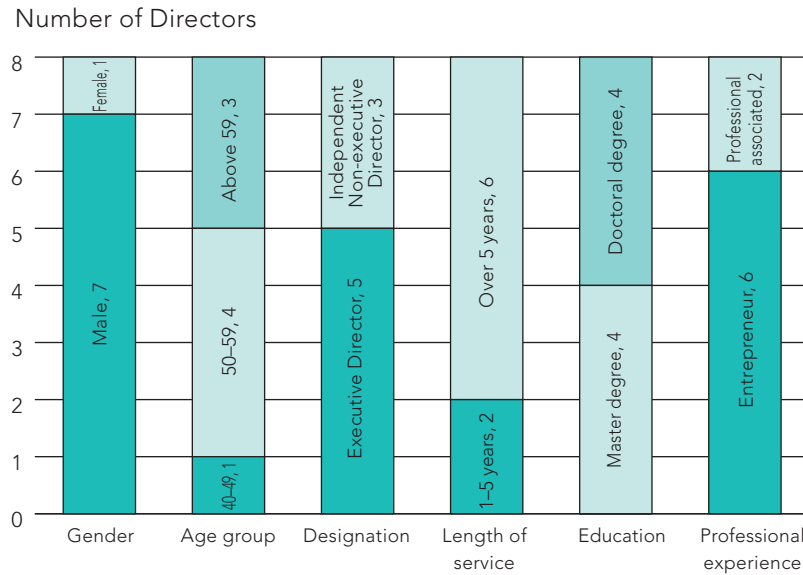
The Company adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors including but not limited to, gender, age, culture, educational background, professional experience, skills, knowledge, length of service and other qualities. The ultimate selection decision will be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will from time to time discuss and agree on the measurable objective for achieving diversity of the Board. For the purpose of implementation of the Board Diversity Policy, the following are the measurable objectives:

1. at least one third of the Directors shall be independent non-executive Directors;
2. at least one Director is female;
3. at least one Director shall have obtained accounting or other professional qualifications;
4. commitment in respect of available time and relevant interest of Director; and
5. accomplishment and experience in different industries.

Corporate Governance Report (continued)

During the year ended 31 December 2025, all the measurable objectives have been fulfilled by the Company.

As at 31 December 2025, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:



The Nomination Committee is of the view that the existing Board was satisfactory and effective in terms of its size, structure, composition, commitment, independence and diversity. The Board considers that the measurable objective in relation to gender diversity on the Board has been met and it is committed to maintaining an appropriate balance of gender diversity on the Board and seeking opportunities to increase the proportion of female members over time.

Opportunities for employment, training and career development of the Group are equally opened to all eligible employees without discrimination. As at 31 December 2025, the proportion of male and female in the workforce of the Group (including executive Directors and senior management) is approximately 53% to 47%, respectively. The Board considers that the total gender diversity of the Group is balanced, and the Group will continue to promote and maintain the gender diversity and equality in the workforce at all levels of the Group.

Corporate Governance Report (continued)

Nomination Policy

The Company adopted a nomination policy (the "Nomination Policy") which sets out, inter alia, the criteria, process and procedures in nominating and selecting candidates to be appointed or re-appointed as Directors. In the nomination and selection of new Directors, the Nomination Committee assesses the key attributes that an incoming Director should have, based on attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nomination Committee and/or the Board will nominate potential candidates for appointment as new Directors. In the nomination process, each Director candidate shall be considered upon evaluation against the selection criteria. External agencies and/or advisors may also be appointed by the Company to assist in the search process where necessary. New Directors are appointed by the Board, after the Nomination Committee has evaluated and approved their nominations.

The factors to be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate include:

- (i) reputation for integrity;
- (ii) accomplishment and experience in different industries;
- (iii) commitment in respect of available time and relevant interest;
- (iv) independence;
- (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, qualifications, professional experience, skills, knowledge, independence and length of service;
- (vi) for proposed independent non-executive Directors who will be holding their seventh (or more) listed company directorship, whether the individuals would still be able to devote sufficient time to the board (including whether the individuals have extensive experience in corporate governance of listed companies, are familiar with the management of listed companies, have close and good communication with the management and other independent non-executive Directors, can make the management decision of the Company work properly, are a chairman of the board or chief executive officer or full time executive director of other listed companies, the business activity of other listed companies in which the individuals hold directorship, etc.); and
- (vii) other factors considered to be relevant by the Nomination Committee on a case by case basis, including the requirements and restrictions as stated in the Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Retiring Directors are eligible for nomination by the Nomination Committee and recommendation by the Board to stand for re-election at a general meeting.

Corporate Governance Report (continued)

Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

Nomination Procedures

- The secretary of the Nomination Committee or the director of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also identify candidates pursuant to the criteria set out above and put forward candidates who are not nominated by Board members.
- The Nomination Committee may use any process it deems appropriate to evaluate the candidates pursuant to the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.
- For filling a casual vacancy and for addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration, approval and appointment. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders.
- In case of election at a general meeting, until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders by the Company. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations (including the Listing Rules), of the proposed candidates will be included in the circular to Shareholders. In addition, where a new Director is appointed or redesignated, the Company will announce the change as soon as practicable and include details of the relevant Director as required pursuant to the Listing Rules.
- The Shareholders may propose a person for election as a Director, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company. A Shareholder can serve a notice at the registered office, head office or the registration office (such place as the Board may from time to time determine to keep a branch register of members and where (except the Board otherwise directs) the transfer or other documents of title are to be lodged for registration and are to be registered) of the Company within the lodgement period of its intention to propose a resolution to elect certain person(s) as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

Corporate Governance Report (continued)

- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting. The ultimate responsibility for selection and appointment of Directors rest with the entire Board.

The Nomination Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The Nomination Committee had the discretion to nominate any person, as it considered appropriate.

The Nomination Policy shall also be governed by other additional and relevant requirements under the Articles and the Listing Rules applicable to the nomination, appointment, election and re-election of Directors.

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company ("Risk Management Committee") was established on 31 March 2017 with written terms of reference in compliance with the CG Code. The purpose of establishment of the Risk Management Committee is to identify, discuss, address and review any risk or potential risk of the Company and advise the Board of the overall risk management strategies of the Company.

The Risk Management Committee consists of two independent non-executive Directors, Mr. Zhu Zhengfu and Mr. Cheung Ka Fai and one executive Director, Mr. Qi Zhiping. Mr. Zhu Zhengfu serves as the chairman of the Risk Management Committee.

The Risk Management Committee is responsible for advising the Board on the overall risk appetite/tolerance, risk management strategies and internal control of the Company and its subsidiaries and overseeing senior management's implementation of those strategies established and approved by the Board and providing an independent review of the effectiveness of the strategies adopted to ensure that it aligned with the Company's overall business objectives.

During the year, the Risk Management Committee met once to review and assess the adequacy and effectiveness of the risk management and internal control systems of the Group, and recommend to the Board for the approval of the internal control report and the risk management report respectively for the year ended 31 December 2025. The Risk Management Committee considered the internal audit functions, as well as the risk management and internal control systems of the Group are effective and adequate. For details of the risk management and internal control of the Group, please refer to the section headed "Risk Management and Internal Control".

Corporate Governance Report (continued)

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The individual attendance record of each Director at the meetings of the Board, general meeting of the Company, Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee for the year is set out below:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Risk Management Committee Meeting	General Meeting
<i>Executive Directors:</i>						
Mr. Yan Zhi (Chairman and Co-Chief Executive Officer)	2/4	N/A	1/2	N/A	N/A	2/2
Dr. Gang Yu	4/4	N/A	N/A	N/A	N/A	2/2
Mr. Qi Zhiping (Co-Chief Executive Officer)	4/4	N/A	N/A	2/2	1/1	2/2
Mr. Yu Wei	4/4	N/A	N/A	N/A	N/A	2/2
Ms. Fan Xiaolan	4/4	N/A	N/A	N/A	N/A	2/2
<i>Independent non-executive Directors:</i>						
Mr. Cheung Ka Fai	4/4	3/3	2/2	N/A	1/1	2/2
Mr. Wu Ying	4/4	3/3	2/2	2/2	N/A	2/2
Mr. Zhu Zhengfu	4/4	3/3	N/A	2/2	1/1	2/2

DIRECTORS' TRAINING

Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed Director or alternative Director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/ she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements. The Group also provided briefings and other trainings to develop and refresh the Directors' knowledge and skills from time to time. Further, the Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2025, the Company has provided the Directors with written training materials or webcast training and/or updates covering topics of amendments to the Listing Rules, duties and responsibilities of Directors as well as corporate governance related matters relevant to their duties. The Directors had participated internal training of notifiable transactions. All the Directors, namely Mr. Yan Zhi, Dr. Gang Yu, Mr. Qi Zhiping, Mr. Yu Wei, Ms. Fan Xiaolan, Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu have received the requisite training.

Corporate Governance Report (continued)

According to the training records maintained by the Company, the training programmes/materials received by each of the Directors during the financial year is summarised as follows:

	Attendance/ Number of seminars	Types of CPD (Note 1)	Subject of CPD (Note 2)
<i>Executive Directors:</i>			
Mr. Yan Zhi	10/10	1, 2	A, B
Dr. Gang Yu	10/10	1, 2	A, B
Mr. Qi Zhiping	10/10	1, 2	A, B
Mr. Yu Wei	10/10	1, 2	A, B
Ms. Fan Xiaolan	10/10	1, 2	A, B
<i>Independent Non-Executive Directors:</i>			
Mr. Cheung Ka Fai	10/10	1, 2	A, B
Mr. Wu Ying	10/10	1, 2	A, B
Mr. Zhu Zhengfu	10/10	1, 2	A, B

Note 1:

1. Attending online training, sessions, conferences or forums.
2. Reading newspapers, journals and updates.

Note 2:

- A Business related to the Company.
- B Laws, Rules and regulations, accounting standards.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors have confirmed compliance with the required standards set out in the Model Code during the year ended 31 December 2025. Employees of the Group, who are likely to be in possession of unpublished inside information, have been requested to comply with provisions similar to those terms in the Model Code.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2025 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditor's Report" on pages 69 to 74 of this annual report.

Corporate Governance Report (continued)

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the remuneration paid or payable to the Group's auditors, Baker Tilly Hong Kong Limited, is as follows:

Items	Amount (RMB'000)
Audit services	4,000
Non-audit services	–

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 as set out in the CG Code, the remuneration of the member(s) of senior management of the Group (excluding the Directors of the Company) for the year by band is as follows:

	Number of individuals
Nil to RMB1,000,000	4
RMB1,000,001 to RMB2,000,000	1
RMB2,000,001 to RMB3,000,000	1

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has developed the Group's internal control, risk assessment and management systems and has overall responsibility for reviewing and maintaining an adequate and effective risk management and internal control systems to safeguard the interests of the shareholders and the assets of the Group. It evaluates the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting. The Company has engaged external consultant every year since 2016 to facilitate the review of the Group's internal control systems. The relevant person of the Company in charge followed up the external consultant's advices or recommendations so as to enhance the Group's capability in internal control. The Company has reported the work status of risk assessment to the Audit Committee and Risk Management Committee respectively. In addition, to further enhance internal auditing monitoring and improve internal auditing independence, the Group set up the auditing department in December 2017 which reports directly to the Audit Committee and is independent from the day-by-day operation of the Group. The Group also formulated the relevant system and procedures for internal auditing. The primary functions of auditing department include forming a complete internal auditing system, drafting the annual internal auditing plan for the Group and organizing auditing duties, performing regular auditing in respect of the Group's principal operating business and reporting the results to the Board directly.

Corporate Governance Report (continued)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Company's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss. We have employed a bottom-up approach for identification, assessment and mitigation of risk at all business unit levels and across functional areas.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The key elements of the Company's risk management and internal control systems include the establishment of a risk register to keep track of and document identified risks, the assessment and evaluation of risks, the development and continuous updating of risk mitigation procedures, and the ongoing testing of internal control procedures to ensure their effectiveness. An ongoing risk management approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievements of its objectives. A risk matrix is adopted to determine risk rating (L = low risk, M = medium risk, H = high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of management attention and effort of risk treatment required.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Company has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2025, and considered the risk management and internal control systems of the Group are effective and adequate.

Corporate Governance Report (continued)

MANAGEMENT OF KEY RISKS

The Group adopts a well-established risk management system to monitor its key risks and, under the leadership of the Board and senior management, identify, assess, monitor and address risks through a closed-loop mechanism. In 2025, the Company identified the following key risks:

1. Business objectives

Today, digital trade has emerged as a new trend in international trade development and a new growth driver for the global economy. Zall Smart Commerce is actively cultivating new forms of productive forces, continuously refining its smart trading platform matrix, and providing in-depth services across sectors such as agricultural products, chemical plastics, ferrous metals, wholesale markets, and cross-border trade. With the increasing integration and development of online and offline operations, the Group's business objectives now primarily centers around business planning in high-quality operational scale, improvement of gross profit structures, and management of business risks. However, uncertainties in the external economic environment, including factors such as slowing economic growth, weak consumer confidence, and market volatility, may adversely impact the Group's business planning and revenue targets.

The Group attaches great importance to the aforesaid risk relating to business objectives. By analyzing the impact of environmental changes and market trends, and in light of the existing resources and advantages of each of the Company's platforms, the Group has set and broken down practicable strategic targets. It has proactively adjusted its business sub-segments and business layout, to avoid sluggish segmented businesses and focus on sectors with high growth potential. Meanwhile, the Group has accelerated the application of cutting-edge technologies such as artificial intelligence and blockchain to its industrial chain business. For example, Sinoagri launched the large-scale AI Sugar model to empower the sugar industry, and HSH tapped into the recycled plastics sector to help its customers realize, among others, the model of "sales defining procurement" and improvement of inventory management efficiency, through the construction of cloud factories. In addition, the Group's platforms have increased investment in extending the industrial chain upstream and downstream, to provide value-added services such as financing, logistics and warehousing, and help customers understand downstream demand in a timely manner, which is reflected more accurately in the production and processing stages, so as to improve the overall competitiveness and facilitate the Group to achieve its business objectives in the uncertain external environment. In terms of business risk management, the Group and all its platforms have established a business risk review committee mechanism. The establishment of new product lines and subsequent renewals, and special business operations all require deliberation by the risk review committee. The Group's risk department requires all platforms to submit monthly risk reports and conduct unscheduled risk inspections.

Corporate Governance Report (continued)

2. Resource allocation

With its rapid expansion in the fields of e-commerce, finance, supply chain management and trade in recent years, reasonable allocation of resources among various industrial sectors of the Group is particularly essential for the balanced and rapid development of the Group. Lack of planning for the resource allocation among business segments may lead to unbalanced resource input, asynchronous capacity growth, and weaknesses in certain segments, which may affect the overall output of each resource allocated and thus hinder business development. In view of this, based on the strategic value of each subsidiary to the Group and through annual strategic planning, budgeting and financial analysis in the process, the Group has rationalized the allocation of resources to different business segments, taking into full account strategic planning, industry prospects, operating returns and other factors, in order to ensure that the funds and resources of its subsidiaries and affiliates are sufficient to support their future plans. Currently, the Group's subsidiaries and affiliates operate mainly relying on their own capabilities. For new business segments or projects with special strategic value, the Group will provide necessary funds and resources in the early stage of their development to support their rapid expansion and help them integrate into the overall business ecosystem. In 2025, the Group has placed greater emphasis on developing businesses that can penetrate deeper into the industrial chain, enhance product gross margins, and provide customers with more valuable services. By taking such measures, the Group strives to achieve coordinated development among all business segments, to maximize the output of resources input and thus to promote robust growth of the overall business.

3. Funds management

The Group has been in net current liability position in recent years, indicating that the Group is facing liquidity challenges and financial pressure to some extent. Such liquidity difficulties may result in insufficient cash flow to meet funding needs, which may limit the Group's short-term solvency, payment of daily operational expenses and the implementation of business expansion plans, thereby posing potential risks to its overall financial stability and business continuity. In order to effectively address liquidity risks and mitigate financial pressure, the Group has formulated and implemented a series of comprehensive measures with an aim to gradually improve liquidity conditions and reduce financial risks, thus to provide a solid financial foundation for the steady growth of its business. In particular, the Group adopts various strategies, such as optimising supply chain management, enhancing operational efficiency, expanding trade business scale and revenue as well as increasing the rental income from investment properties. It vigorously increases its operating cash inflows by reducing low-margin and/or high-risk businesses, increasing high-margin businesses, and adjusting payment terms for upstream and downstream supply chain operations. Meanwhile, the Group reviews its capital structure regularly and actively communicates with banks and other financial institutions to seek renewal or refinancing of existing borrowings, and to raise new bank borrowings, when necessary, to replenish its funds, so as to improve its ability to repay short-term debts. In addition, the Group may further dispose of its non-core businesses and assets to meet its working capital requirements, while focusing on core business development to improve the overall resource utilization efficiency. When necessary, the Group will seek financial support or capital injections from its major shareholders to address short-term liquidity issues, thus ensuring the continuity and stability of business operations.

Corporate Governance Report (continued)

4. Online platform management

As the Group's platforms focus on different sectors and the industry changes vary in characteristics, there is a lag in the Group's understanding of the pertinence and effectiveness of the risk management measures adopted by each platform, therefore the Group cannot give the recommendations and guidance on risk management for the operations of platforms in a timely or comprehensive manner. Failure to establish a comprehensive risk management mechanism for the platforms' businesses may increase the default risk of the platforms, causing certain economic and reputational losses, or even regulatory penalties. In order to continuously improve the risk management of our online platforms, the Group has taken a number of measures with an aim to establish a comprehensive and dynamic risk management system to ensure the stable operation of each of our platforms. Firstly, the Group assigns a Chief Risk Officer (CRO) to each business platform, who is dedicated to risk management, and develops plans corresponding to business products to assist business personnel in understanding product varieties, key operating points and management priorities. Secondly, each platform is required to set up an admission mechanism for cooperation and conduct dynamic monitoring on customers. The Group is responsible for reviewing and approving the customer admission mechanism of each platform and for supervising other aspects of product lines, such as warehousing and logistics monitoring points. Furthermore, the cybersecurity and stability of the platforms are supervised by the Group's Information Technology Department to ensure the general business environment is stable and secure. The Group also conducts comprehensive supervision over the platforms' business operations regularly and from time to time, and proposes rectification requirements for specific issues. In addition, the Group holds a business risk management seminar on a quarterly basis, inviting internal and external experts to exchange and share their views on the common problems that may arise during specific periods or business processes and external challenges, in order to enhance risk prevention awareness and risk control ability.

Corporate Governance Report (continued)

5. Credit management

The Group's trading platforms provide customers with full-chain digital services encompassing trading, warehousing, logistics, finance, and supply chain management. In 2025, amid a broader downturn in the domestic market and significant volatility across the commodities sector, the Group experienced a noticeable increase in overdue payments and extended collection cycles. This was especially evident in significant delays or defaults in upstream deliveries, although there was no substantial bad debts from credit sales. The Group recognized that credit risk might impact the security and stability of working capital, and tightened its credit risk management across all platforms. First, for partners with prepaid credit arrangements, the Group has further shortened the prepayment terms and reduced the prepayment limits. For credit sales, the Group is more inclined to work with large state-owned enterprises, companies with strong historical performance and robust cash flows as well as leaders in specific sectors. The Group would refer to their historical data before granting credit to customers and require their legal representatives or associated factories to provide guarantees when conducting credit sales, in order to reduce credit risks. For customers with deferred payments, the Group increases collection efforts and keeps monitoring the situation. In addition, the Group will carry out on-site due diligence, to reinforce the effort towards cooperation risk investigation to ensure that the credit risks of its upstream and downstream businesses are controllable. In respect of the delivery and acceptance management of goods, the Group clarifies delivery standards and key points, to ensure that the delivery is true without abnormalities and the trade is authentic. The Group will monitor post-loan risks of customers, and issue an early warning immediately once abnormalities are identified, to ensure that business cooperation risks are controllable. If the business risk concerned goes beyond risk control indicators, the Group would require the platform involved to provide special written reports regularly, and to adjust its product plans and risk control measures, ensuring that such business risks are reduced below the risk control indicators within the stipulated timeframe. Moreover, the Group encourages and advises the platforms to further subdivide the industry sectors and customer groups, expand the dimensions of credit evaluation, as well as refine and dynamically adjust the credit management mechanism of partner customers, so as to further improve the effectiveness of credit risk management.

Corporate Governance Report (continued)

DEED OF NON-COMPETITION

The Company has received, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the “Deed of Non-Competition”) entered into by each of them in favour of the Company and the revised deed of non-competition (the “Revised Deed”) entered into by each of them in favour of the Company after restructuring pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not and will procure that his/her/its associates (other than members of the Group) not to, engage in any of our business including (without limitation), developing and operating large-scale, consumer product focused wholesale shopping malls in China.

The independent non-executive Directors have reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2025.

As further set out in the circular of the Company dated 31 December 2014 (the “Restructuring Circular”), the Group previously carried out certain restructuring of its businesses (the “Restructuring”) to, among others, dispose of certain of its non-core businesses to its controlling shareholders. After the Restructuring and until the Group has disposed of or realised all its remaining non-core property projects, the business owned/controlled by the controlling shareholders may overlap with the business of the Group in terms of business nature (but not necessarily in direct competition). As such, a revised deed of non-competition dated 30 June 2015 (superseding the original deed of noncompetition dated 20 June 2011) was entered into by the Company’s controlling shareholders in favour of the Company (as superseded, the “Deed of Non-Competition”), pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not and will procure that his/her/its associates (other than members of the Group) not to, engage in any of the Group’s businesses including (without limitation), developing and operating large-scale, consumer product focused wholesale shopping malls in China. As at 31 December 2025, except North Hankou Zall Life City — Phase II, all of the Remaining Non-core Projects (as defined in the Restructuring Circular) have been disposed off. North Hankou Zall Life City — Phase II is a residential project with gross floor area of approximately 207,000 square meters in North Hankou region. The project has been substantially completed and most of the properties have been sold, with approximately 25,600 square metres remaining. The Group will sell the remaining properties in line with market conditions.

Further details of the Restructuring and the Deed of Non-Competition were disclosed in the Restructuring Circular.

DIVIDEND POLICY

The Company’s dividend policy aims to allow shareholders to participate in the Company’s profit and for the Company to retain adequate reserves for future growth. When deciding whether to declare, recommend or pay any dividend, the Board would consider various factors including (i) the Group’s actual and expected financial performance; (ii) general economic and financial conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; (iii) the Group’s business and operating strategies including future cash commitments and investment needs in order to maintain long-term business growth; (iv) current and future business, liquidity position and capital requirements; and (v) any other factors that the Board deems appropriate.

Corporate Governance Report (continued)

The Company would continually review, revise and update the dividend policy from time to time. If the Board decided to recommend, declare or pay dividends, the form, frequency and amount would depend upon the situation and applicable factors at the relevant time.

The dividend policy did not constitute a legally binding commitment that the Company would distribute any specific amount of dividends, nor would it hold the Company liable to declare dividends at any time or from time to time.

No arrangement under which a shareholder has waived or agreed to waive any dividends was made by the Company.

COMPANY SECRETARY

The company secretary of the Company (the “Company Secretary”) is responsible for facilitating the Board’s processes and communications among Board members, and with the shareholders and advising the Board on all corporate governance matters.

Ms. Tan Huali (“Ms. Tan”) has been appointed as the Company Secretary with effect from 1 May 2023. During the year ended 31 December 2025, Ms. Tan has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining a clear, timely and effective communication with the shareholders of the Company and investors. The Board also recognizes that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the shareholders of the Company will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company’s website at www.zallcn.com. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group’s strategy, operations, management and plans. The Directors and members of various Board committees will attend the annual general meeting of the Company and answer any questions raised. The resolution of every important proposal will be proposed at general meetings separately. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications. The Board has reviewed the implementation and effectiveness of the shareholders communication policy for the year ended 31 December 2025. Based on the various available communication channels for shareholders in place and the steps taken to handle shareholders’ enquiries, the Board considered that the policy has been properly implemented and effective.

Corporate Governance Report (continued)

SHAREHOLDER RIGHTS

Convening an extraordinary general meeting by shareholders

Procedures for shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company carrying the right of voting at general meetings of the Company (the “Eligible Shareholder(s)”) shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at an extraordinary general meeting.
- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at an extraordinary general meeting must deposit a written requisition (the “Requisition”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned.
- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the memorandum and articles of associations, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to investorrelations@zallcn.com.

Corporate Governance Report (continued)

INVESTOR RELATIONS

Investors Communication Policy

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at <http://www.zallcn.com>, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

Shareholders, investors and the media can make enquiries or putting forward proposals to the Company through the following means:

Telephone number: 852-3153 5810

By post: Suite 601, 6/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong

By email: investorrelations@zallcn.com

CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to its constitutional documents for the year ended 31 December 2025.

Independent Auditor's Report



TO THE SHAREHOLDERS OF ZALL SMART COMMERCE GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Zall Smart Commerce Group Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 75 to 191, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1(b) to the consolidated financial statements which indicates that the Group had net current liabilities of approximately RMB6,092,982,000 as at 31 December 2025. This condition, along with other matters as set forth in note 1(b) 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.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of investment properties

As disclosed in note 10 to the consolidated financial statements, the Group holds a portfolio of investment properties, including completed investment properties and investment properties under development, all of which are located in the People's Republic of China (the "PRC"), with a carrying value of approximately RMB26,068 million and accounts for 42% of the Group's total assets as at 31 December 2025. These properties comprise logistic units, e-commerce malls, wholesale shopping malls and offices. The fair values of investment properties as at 31 December 2025 were assessed by the directors based on valuations prepared by an independent firm of qualified external property valuers.

We identified the valuation of the Group's investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of changes in fair value of investment properties to the Group's profit before taxation and because the valuation of investment properties can be inherently subjective and requires significant management judgement and estimation as disclosed in note 2(c) to the consolidated financial statements, which increases the risk of error or potential management bias, particularly given the number and the diverse nature and location of the investment properties held by the Group.

Our responses:

Our procedures in relation to this key audit matter included:

- obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group on which the management's assessment of the fair values of investment properties was based, on a sample basis;
- evaluating the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity;
- with the assistance of our property valuation specialists and utilising their industry knowledge and experience, discussing with the external property valuers, without the presence of management, their valuation methodologies; and assessing key estimates and assumption adopted in the valuation by comparing capitalisation rates, prevailing market rents and comparable market transactions with available market data, on a sample basis;
- comparing tenancy information, including committed rents and occupancy rates provided by management to the external property valuers, with underlying contracts and related documentation, on a sample basis;
- conducting site visits to investment properties under development, to observe the development progress and evaluating management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs and/or unit construction costs of recently completed projects developed by the Group, on a sample basis; and
- assessing whether the disclosures in the consolidated financial statements in respect of valuation of investment properties are adequate with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS (Continued)

Valuation of investment properties (Continued)

Based on the procedures performed, we considered the judgements and estimates made by management in respect of valuation of investment properties were supported by available evidences.

We assessed the adequacy of the disclosures related to the carrying values of investment properties, including those relating to sensitivities, and agreed disclosures in the consolidated financial statements to the valuations tested and the assumptions applied in those valuations. We considered the disclosures to be appropriate.

Impairment assessment of goodwill

As at 31 December 2025, the carrying amount of goodwill, which arose from the acquisition of Shenzhen Sinoagri E-commerce Co., Ltd. in 2017, was fully impaired, following the recognition of impairment losses of approximately RMB251 million during the year, details of the impairment assessment are disclosed in note 13.

Management is required to, at least annually, and whenever there is an indication that a cash-generating unit ("CGU") to which goodwill has been allocated may be impaired, perform impairment assessment of goodwill. The impairment assessment of goodwill is carried out by the management based on independent valuations of the respective CGUs prepared by an independent firm of qualified external valuers and by comparing the recoverable amount of CGUs with the carrying amount as at 31 December 2025.

The recoverable amounts of the CGUs are determined by using value-in-use calculations based on discounted future cash flows.

The preparation of discounted cash flow forecasts involves the exercise of significant management judgement with respect to the forecasted sales volumes, sales prices and the gross profit ratio for each of the five forecast years ending on 31 December 2025 to 31 December 2029 of the CGUs, the discount rates and the terminal perpetual growth rates.

We identified impairment assessment of goodwill as a key audit matter because the assessment of potential impairment of goodwill is inherently subjective and requires significant judgement and estimation, which increases the risk of error or potential management bias.

Our responses:

Our procedures in relation to this key audit matter included:

- understanding and assessing the design and implementation of key internal controls over the preparation of the discounted cash flow forecasts on which the estimation of the recoverable amount of goodwill is based;
- obtaining and inspecting the valuation report prepared by the external valuers engaged by the Group on which the management's assessments of impairment of goodwill were based;
- evaluating the external valuers' qualifications, experience and expertise and considering their objectivity;

Independent Auditor's Report (continued)

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill (Continued)

- assessing and challenging the Group's identification of CGUs and the allocation of goodwill and other assets to those CGUs with reference to the requirements of the prevailing accounting standards;
- with the assistance of our valuation specialists, evaluating the methodology used in the valuations of CGUs, challenging the key assumptions and critical judgements made in the preparation of the discounted cash flow forecasts prepared by management by comparing key inputs, which included the forecasted sales volumes, sales prices and the gross profit ratio, with historical performance, management's budgets and forecasts and other external available information, and evaluating the discount rate applied in the discounted cash flow forecasts by assessing if the parameters adopted in calculating the discount rate was within the range of those adopted by other companies in the same industry and with similar risk profile;
- obtaining management's sensitivity analyses around the key assumptions, including the forecasted sales volumes, sales prices, the gross profit ratio and the discount rate, adopted in the preparation of the discounted cash flow forecasts and assessing the impact of changes in the key assumptions on the conclusions reached by management in its impairment assessment and whether there were any indicators of management bias;
- performing a retrospective review by comparing the prior year's forecasts with the current year's results to assess the historical accuracy of management's forecasting process and whether there is any indication of any management bias; and
- assessing whether the disclosures in the consolidated financial statements in respect of the assessment of potential impairment of goodwill are adequate with reference to the requirements of the prevailing accounting standards.

Based on the procedures performed, we considered the judgements and estimates made by management in respect of valuations of goodwill were supported by available evidences.

We assessed the adequacy of the disclosures related to the carrying values of goodwill balances, including those relating to sensitivities, and agreed disclosures in the consolidated financial statements to the assessments tested and the assumptions applied in those assessments. We considered the disclosures to be appropriate.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises all the information included in the Company's annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (continued)

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Cheung Hon Pui.

Baker Tilly Hong Kong Limited

Certified Public Accountants
Hong Kong, 31 March 2026

Cheung Hon Pui

Practising certificate number P08297

Consolidated Statement of Profit or Loss

for the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	3	155,029,341	162,359,281
Cost of sales		(154,443,689)	(161,660,310)
Gross profit		585,652	698,971
Other net income	4	29,493	88,616
Selling and distribution expenses		(205,047)	(266,918)
Administrative and other expenses		(449,993)	(431,311)
Impairment loss recognised under expected credit loss model, net of reversal	5(b)	(146,312)	(232,661)
Impairment loss on goodwill	13	(251,498)	–
Net valuation gain on investment properties	10	1,060,892	629,380
Net gain on disposal of a subsidiary	35	–	16,364
Net gain on disposal of associates		–	69,961
Profit from operations		623,187	572,402
Finance income	5(a)	238,865	286,804
Finance costs	5(a)	(599,493)	(621,213)
Share of net profits of associates	15	5,238	8,916
Share of net profits of joint ventures	16	15,662	11,640
Profit before taxation	5	283,459	258,549
Income tax expense	6	(181,828)	(165,188)
Profit for the year		101,631	93,361
Profit for the year attributable to:			
Equity shareholders of the Company		147,449	128,953
Non-controlling interests		(45,818)	(35,592)
		101,631	93,361
Earnings per share (RMB cents)	9		
– Basic and diluted		1.19	1.04

The notes on pages 83 to 191 form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025 (Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
Profit for the year	101,631	93,361
Other comprehensive (expense)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
– Share of other comprehensive income/(expense) of associates and joint ventures	288	(22)
– Exchange differences on translation of foreign operations, net of nil tax	(36,648)	17,774
Other comprehensive (expense)/income for the year	(36,360)	17,752
Total comprehensive income for the year	65,271	111,113
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	131,077	146,956
Non-controlling interests	(65,806)	(35,843)
	65,271	111,113

The notes on pages 83 to 191 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Investment properties	10	26,067,838	24,879,292
Property, plant and equipment	11	343,462	336,042
Intangible assets	12	417,466	416,889
Goodwill	13	–	251,498
Interests in associates	15	385,379	343,512
Interests in joint ventures	16	155,655	30,113
Equity investments at fair value through other comprehensive income	17	80,408	80,408
Contract assets	20(a)	54,369	30,564
Deferred tax assets	29(b)	444,991	498,414
		27,949,568	26,866,732
Current assets			
Inventories	19	3,778,833	3,975,854
Trade and other receivables	21	20,812,139	26,286,928
Financial assets at fair value through profit or loss	18	77,176	37,788
Amounts due from related parties and non-controlling shareholders of subsidiaries	34(d)	579,906	729,527
Prepaid taxes	29(a)	27,195	27,903
Pledged bank deposits	22	6,991,681	10,014,072
Cash and cash equivalents	23	1,509,853	1,545,952
		33,776,783	42,618,024
Current liabilities			
Trade and other payables	24	12,679,459	18,755,310
Contract liabilities	20(b)	13,675,924	14,924,656
Lease liabilities	26	11,690	6,901
Amounts due to related parties and non-controlling shareholders of subsidiaries	34(e)	1,338,036	1,523,142
Interest-bearing borrowings	25	11,744,536	11,568,152
Current taxation	29(a)	420,120	564,926
		39,869,765	47,343,087
Net current liabilities		(6,092,982)	(4,725,063)
Total assets less current liabilities		21,856,586	22,141,669

Consolidated Statement of Financial Position (continued)

as at 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Interest-bearing borrowings	25	2,655,388	3,263,285
Deferred income		1,423	1,864
Lease liabilities	26	23,920	22,826
Deferred tax liabilities	29(b)	4,770,286	4,510,741
		7,451,017	7,798,716
NET ASSETS		14,405,569	14,342,953
Capital and reserves			
Share capital	30(b)	34,454	34,454
Reserves		14,047,840	13,916,763
Total equity attributable to equity shareholders of the Company		14,082,294	13,951,217
Non-controlling interests		323,275	391,736
TOTAL EQUITY		14,405,569	14,342,953

Approved and authorised for issue by the board of directors on 31 March 2026.

Qi Zhiping
Director

Yu Wei
Director

The notes on pages 83 to 191 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025 (Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company												Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for various incentive plans RMB'000	PRC statutory reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	Equity-settled share-based payment reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2024	34,454	4,766,905	(39,029)	396,394	163,895	(66,786)	36,946	51,991	(9,375)	8,468,866	13,804,261	402,424	14,206,685
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	128,953	128,953	(35,592)	93,361
Other comprehensive income for the year	-	-	-	-	-	18,003	-	-	-	-	18,003	(251)	17,752
Total comprehensive income/(loss) for the year	-	-	-	-	-	18,003	-	-	-	128,953	146,956	(35,843)	111,113
Appropriation to PRC statutory reserve	30(c)(ii)	-	-	5,234	-	-	-	-	-	(5,234)	-	-	-
Dividends to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	(970)	(970)
Disposal of a subsidiary		-	-	(6,169)	-	-	-	-	-	6,169	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	26,125	26,125
Balance at 31 December 2024	34,454	4,766,905	(39,029)	395,459	163,895	(48,783)	36,946	51,991	(9,375)	8,598,754	13,951,217	391,736	14,342,953

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2025 (Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company												
	Share capital RMB'000	Share premium RMB'000	Shares held for various incentive plans RMB'000	PRC statutory reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	Equity-settled share-based payment reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	34,454	4,766,905	(39,029)	395,459	163,895	(48,783)	36,946	51,991	(9,375)	8,598,754	13,951,217	391,736	14,342,953
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	147,449	147,449	(45,818)	101,631
Other comprehensive income for the year	-	-	-	-	-	(16,372)	-	-	-	-	(16,372)	(19,988)	(36,360)
Total comprehensive loss for the year	-	-	-	-	-	(16,372)	-	-	-	147,449	131,077	(65,806)	65,271
Appropriation to PRC statutory reserve	-	-	-	5,623	-	-	-	-	-	(5,623)	-	-	-
Dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,555)	(7,555)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	4,900	4,900
Balance at 31 December 2025	34,454	4,766,905	(39,029)	401,082	163,895	(65,155)	36,946	51,991	(9,375)	8,740,580	14,082,294	323,275	14,405,569

The notes on pages 83 to 191 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from/(used in) operations	23(b)	121,088	(245,851)
Income tax paid		(34,133)	(23,619)
Net cash generated from/(used in) operating activities		86,955	(269,470)
Investing activities			
Purchase of property, plant and equipment and investment properties		(41,307)	(51,117)
Purchase of intangible assets		(44,339)	(30,270)
Proceeds from disposal of property, plant and equipment		8,225	29,400
Proceeds from disposal of intangible assets		–	476
Increase in pledged bank deposits		(142,625)	(372,764)
Interest received		238,865	286,804
Net proceeds from disposal of a subsidiary	35	–	187,863
Capital contributions to associates	15	(49,114)	(64,500)
Capital contributions to joint ventures	16	(109,607)	–
Net proceeds from disposal of associates	15	12,500	10,105
Purchase of financial assets at fair value through profit or loss		(222,113)	(304,165)
Acquisition of equity investments at fair value through other comprehensive income		–	(5,000)
Proceeds from disposal of financial assets at fair value through profit or loss		166,233	579,070
Advances to related parties and non-controlling shareholders of subsidiaries		(326,727)	(364,962)
Repayment from related parties and non-controlling shareholders of subsidiaries		485,963	241,767
Net cash (used in)/generated from investing activities		(24,046)	142,707

Consolidated Statement of Cash Flows (continued)

for the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Financing activities			
Advances from related parties and non-controlling shareholders of subsidiaries	23(c)	13,584	515,509
Repayment to related parties and non-controlling shareholders of subsidiaries	23(c)	(198,690)	(13,013)
Proceeds from new bank loans and loans from other financial institutions	23(c)	4,528,434	2,988,569
Repayment of bank loans and loans from other financial institutions	23(c)	(4,083,754)	(2,876,114)
Proceeds from other loans	23(c)	199,580	234,621
Repayment of other loans	23(c)	(325,525)	(714,639)
Capital element of lease rentals paid	23(c)	(12,033)	(17,502)
Interest and other borrowing costs paid	23(c)	(101,017)	(269,842)
Interest element of lease rentals paid	23(c)	(885)	(800)
Proceeds from capital contribution from non-controlling shareholders of subsidiaries		4,900	26,125
Dividend paid to non-controlling shareholders of subsidiaries		(7,555)	(970)
Net cash generated from/(used in) financing activities		17,039	(128,056)
Net increase/(decrease) in cash and cash equivalents		79,948	(254,819)
Cash and cash equivalents at 1 January	23(a)	1,545,952	1,782,996
Effect of foreign exchange rate changes		(116,047)	17,775
Cash and cash equivalents at 31 December	23(a)	1,509,853	1,545,952

The notes on pages 83 to 191 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements 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. Material accounting policies adopted by the Group (as defined below) are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any change in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise Zall Smart Commerce Group Ltd. (the “Company”) and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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 (see note 1(j));
- financial assets at fair value through profit or loss or other comprehensive income (see note 1(h)); and
- derivative financial instruments (see note 1(i)).

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.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 2.

During the year ended 31 December 2025, the Group recorded net operating inflows of RMB86,955,000 and net current liabilities of approximately RMB6,092,982,000 as at 31 December 2025. 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 31 December 2025, investment properties with fair value of RMB11,604,377,000 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 certain non-core business and assets to raise additional working capital.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

In addition, as disclosed in Note 25(a), bank loans and loans from other financial institutions of 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 RMB14,751,522,000 in aggregate as at 31 December 2025 and bank loans and loans from other financial institutions of 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 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.

(c) Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard 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.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(d) 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 IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation into a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised incomes and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI is presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(t).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(n)(iii)).

(f) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the expected credited losses ("ECLs") model to such other long-term interests where applicable (see note 1(n)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interests in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(n)(iii)).

(g) Goodwill

Goodwill arising on acquisition of business is measured at cost less accumulated impairment losses and tested annually for impairment (see note 1(n)(iii)).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Other investments in debt and equity securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(z)(ii)(c)), foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial assets was measured at amortised cost. The difference between fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Other investments in debt and equity securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(z)(ii)(b)).

(i) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(j) Investment properties

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(z)(ii)(a).

(k) Property, plant and equipment

Items of property, plant and equipment are stated at cost which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(n)(iii)):

- interests in leasehold lands and buildings held for own use where the Group is the registered owner of the property interest (see note 1(m));
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(m)).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Property, plant and equipment (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components). Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit and loss.

The estimated useful lives for the current and comparative periods and as follows:

- the Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired terms of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- motor vehicles 3–10 years
- furniture, office equipment and others 3–8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

Transfers from property, plant and equipment to investment properties shall be made when, and only when, there is a change in use, evidenced by end of owner-occupation. If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property, plant and equipment, even if the property was previously measured using the cost model. Any existing or arising revaluation surplus previously recognised in other comprehensive income is not transferred to profit or loss at the date of transfer or on subsequent disposal of the investment property.

(l) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(n)(iii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Intangible assets (other than goodwill) (Continued)

The estimated useful lives for the current and comparative periods are as follows:

— software	3–10 years
— favourable contracts	2.5 years
— customer relationship	20 years
— trademark (with definite useful life)	8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Leased assets

At inception of a contract, the group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or as incurred.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Leased assets (Continued)

(i) As a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(k) and 1(n)(iii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment properties are carried at fair value in accordance with note 1(j); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(o).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 1(h)(i), 1(z)(ii)(c) and 1(n)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Leased assets (Continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(m)(i), then the Group classifies the sub-lease as an operating lease.

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, trade and other receivables and amounts due from related parties and non-controlling shareholders of subsidiaries);
- contract assets (see note 1(p)); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period of expected life of instruments less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in statement of financial position (see note 1(h)(i)).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Credit losses and impairment of assets (Continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income (see note 1(z)(ii)(e)).

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount carried in "trade and other payables" in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(n)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Credit losses and impairment of assets (Continued)

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU" s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Inventories

Inventories are assets which are held for sale in the ordinary course of business or in the rendering of services and are carried at the lower of cost and net realisable value as follows:

- Supply chain management and trading

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Inventories (Continued)

Inventories are assets which are held for sale in the ordinary course of business or in the rendering of services and are carried at the lower of cost and net realisable value as follows: (Continued)

— Property development

Cost of properties comprises specifically identified cost, including the acquisition cost of interests in leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(ab)) and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

The Group transfers a property from properties under development for sale or completed properties held for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

(p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(z)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECL (see note 1(n)(i)) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(q)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(z)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(q)). When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(z)(ii)(c)).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration, and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(n)(i)).

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(n)(i)).

(s) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(ab).

(u) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(x) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend.

Current tax assets and liabilities are offset only if criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- temporary differences related to investment in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Income tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 1(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(y) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(n)(iii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of goods that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers within six months upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(b) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(p)).

To the extent that the advance payments from customers are regarded as providing a significant financing benefit to the Group, revenue recognised under that contract includes the interest accreted on the contract liability under the effective interest method during the period between the payment date and the revenue recognition date. The discount rate applied is reflective of the rate in a separate financing transaction between the Group and the customer at contract inception. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, Borrowing costs, in accordance with the policies set out in note 1(ab).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(c) Other practical expedients applied

In addition, the Group has applied the following practical expedients:

- For sales contracts for products that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.
- The Group has recognised the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred in accordance with paragraph 94 of IFRS 15, as the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income/finance income

Interest income/finance income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(d) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(e) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see note 1(n)(ii)).

(f) Service income

Service income in relation to manage logistics service and warehousing service, procurement service and other related ancillary services are recognised when such services are provided to customers.

(aa) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognised in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Translation of foreign currencies (Continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(ab) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(ac) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(ac) Related parties (Continued)

(b) (Continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the consolidated financial statements. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Net realisable value of properties under development for sale and completed properties held for sale

As explained in note 1(o), the Group's properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling price, the costs of completion in cases for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(a) Net realisable value of properties under development for sale and completed properties held for sale (Continued)

If there is an increase in costs to completion or a decrease in selling prices, this may result in write-downs for the subject properties. Such write-downs require the use of judgement and estimates of the directors of the Company. As at 31 December 2025, the carrying amounts of properties under development for sale and completed properties held for sale were RMB1,343,584,000 (2024: RMB1,553,542,000) and RMB1,252,360,000 (2024: RMB1,039,348,000), respectively. No write-downs of the subject properties were considered necessary for the year ended 31 December 2025 (2024: nil).

(b) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

Trade receivables

ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Loans and factoring receivables

For loans and factoring receivables, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs, taking into account the collateral provided by counterparties in measuring the expected credit losses.

Other receivables

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs, the Group perform individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The estimated loss rates are estimated based on historical observed default rates over the expected life of the other debtors are adjusted for forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(c) Valuation of investment properties

As described in note 1(j), investment properties are stated at fair value based on valuations performed by an independent firm of qualified external property valuers.

In determining the fair value of investment properties, the valuers have based on valuation methods which involves, inter alia, certain estimates including capitalization rates, prevailing market rents and market price for similar properties in the same location, and condition, appropriate discount rates and expected future market rents.

In relying on the valuations performed by an independent firm of qualified external property valuers, management has exercised their judgement and is satisfied that the methods of valuation is reflective of the current market conditions.

Certain investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(d) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors of the Company consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassify them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in the long-term for rental income and/or capital appreciation.

Under IAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2025, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(e) Impairment of non-current assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit to which it belongs is estimated to determine impairment losses on the asset by reference to value in use and fair value less costs of disposal. Value-in-use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would affect profit or loss in future years.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually even if there is no indication of impairment.

(f) Revenue from contracts with customers-principal versus agent consideration

The Group applies judgements in regard to whether the Group controls the promised goods before transferring them to the customers and determine its role as a principal for trading of commodities. In this regard, when the Group satisfies the performance obligation, the Group recognises trading revenue at the gross amount of consideration for the trading transactions.

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 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).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue

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

	2025 RMB'000	2024 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	102,056	243,246
— Revenue from supply chain management and trading business	154,581,144	161,735,969
— Others	83,644	80,918
	154,766,844	162,060,133
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	216,107	235,643
Finance income	46,390	63,505
	155,029,341	162,359,281
Revenue from contracts with customers within the scope of IFRS 15:		
By geographical markets:		
— The PRC	100,649,728	121,392,480
— Singapore	54,117,116	40,667,653
Total	154,766,844	162,060,133
Timing of revenue recognition:		
— At point in time	154,660,772	161,940,172
— Over time	106,072	119,961
Total	154,766,844	162,060,133

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

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 2025 (2024: nil). Details of credit risk are set out in note 31(a).

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

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB193,840,000 (2024: RMB188,993,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and construction contracts entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(z)(ii)). The Group will recognise the expected revenue in 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 (2024: next 1 to 24 months).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods, such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale 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-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 trade-related supply chain financial services.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(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 payable 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 or loss is the profit/(loss) 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.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

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 2025 and 2024 is set out below.

	Property development and related services		Supply chain management and trading		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Reportable segment revenue	318,163	478,889	154,696,689	161,857,971	155,014,852	162,336,860
Reportable segment (loss)/profit	51,892	56,848	(513,710)	(280,154)	(461,818)	(223,306)
Other segment information:						
Net valuation gain on investment properties	1,060,892	629,380	-	-	1,060,892	629,380
Impairment loss recognised under expected credit loss model, net of reversal	(77,322)	(174,293)	(76,575)	(45,813)	(153,897)	(220,106)
Impairment loss on goodwill	-	-	(251,498)	-	(251,498)	-
Depreciation and amortisation	(11,097)	(14,312)	(71,487)	(70,352)	(82,584)	(84,664)
Finance income	475	18	238,389	286,777	238,864	286,795
Finance costs	(273,762)	(249,647)	(318,353)	(362,693)	(592,115)	(612,340)
Additions to non-current segment assets during the year	18,708	53,631	83,445	40,837	102,153	94,468
Reportable segment assets	28,390,690	27,848,624	31,042,605	39,402,687	59,433,295	67,251,311
Reportable segment liabilities	6,691,752	6,958,523	33,008,215	40,379,355	39,699,967	47,337,878

(ii) Reconciliation of reportable segment revenue, profit or loss and assets and liabilities:

Revenue

	2025 RMB'000	2024 RMB'000
Reportable segment revenue	155,014,852	162,336,860
Other revenue	14,489	22,421
Consolidated revenue (note 3(a))	155,029,341	162,359,281

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment revenue, profit or loss and assets and liabilities: (Continued)

Profit

	2025 RMB'000	2024 RMB'000
Reportable segment loss	(461,818)	(223,306)
Other net income (note 4)	29,493	88,616
Net valuation gain on investment properties	1,060,892	629,380
Net gain on disposal of a subsidiary	–	16,364
Net gain on disposal of associates	–	69,961
Finance income	238,865	286,804
Finance costs	(599,493)	(621,213)
Share of net profits of associates	5,238	8,916
Share of net profits of joint ventures	15,662	11,640
Unallocated head office and corporate expenses	(5,380)	(8,613)
Consolidated profit before taxation	283,459	258,549

Assets

	2025 RMB'000	2024 RMB'000
Reportable segment assets	59,433,295	67,251,311
Elimination of inter-segment receivables	(651,275)	(603,082)
Interests in associates	58,782,020	66,648,229
Interests in joint ventures	385,379	343,512
Deferred tax assets	155,655	30,113
Prepaid taxes	444,991	498,414
Unallocated head office and corporate assets	27,195	27,903
Consolidated total assets	1,931,111	1,936,585
Consolidated total assets	61,726,351	69,484,756

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment revenue, profit or loss and assets and liabilities: (Continued)

Liabilities

	2025 RMB'000	2024 RMB'000
Reportable segment liabilities	39,699,967	47,337,878
Elimination of inter-segment payables	(651,275)	(603,082)
	39,048,692	46,734,796
Current taxation	420,120	564,926
Deferred tax liabilities	4,770,286	4,510,741
Unallocated head office and corporate liabilities	3,081,684	3,331,340
Consolidated total liabilities	47,320,782	55,141,803

(iii) Geographical 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, goodwill, 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 goodwill, and the location of operations, in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
The PRC	100,912,225	121,691,628	27,367,777	26,255,302
Singapore	54,117,116	40,667,653	2,023	2,044
	155,029,341	162,359,281	27,369,800	26,257,346

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

4 OTHER NET INCOME/(LOSS)

	2025 RMB'000	2024 RMB'000
Net fair value changes on financial instruments at FVPL:		
— listed equity securities	(3,872)	(1,275)
— wealth management products and trust products	—	814
— forward contracts	(12,620)	44,582
— contingent consideration	—	4,156
	(16,492)	48,277
Government subsidies (i)	32,174	33,005
Gain on debt restructuring (ii)	4,204	—
Others	9,607	7,334
	29,493	88,616

Note: (i) During the year ended 31 December 2025, the Group has received subsidies of RMB32,174,000 (2024: RMB33,005,000) from the relevant PRC governments related to employment support schedule, export and tax subsidies. There are no unfulfilled conditions or contingencies relating to the grants.

(ii) It represented waiver of certain overdue interests by the borrowers during the year ended 31 December 2025.

5 PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	(238,865)	(286,804)
Finance costs		
Interest on interest-bearing borrowings	547,167	565,539
Interest on lease liabilities	885	800
Other borrowing costs	1,498	2,988
Less: Amounts capitalised into properties under development for sale*	(39,439)	(69,323)
	510,111	500,004
Bank charges and others	84,301	129,276
Net foreign exchange losses/(gains)	5,081	(8,067)
	599,493	621,213

* The borrowing costs have been capitalised at 3.80%-10.80% (2024: 9.37%-9.98%) per annum for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION (Continued)

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

	2025 RMB'000	2024 RMB'000
Impairment losses (reversed)/recognised under expected credit loss model		
— trade debtors and bills receivable (note 31(a)(i))	8,856	(4,364)
— rental receivables (note 31(a)(i))	95,715	187,081
— loans and factoring receivables (note 31(a)(ii))	(1,449)	11,512
— other receivables (note 31(a)(iii))	(24,746)	34,193
— advance to suppliers	67,936	4,239
	146,312	232,661

(c) Other items

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets (note 12)	43,762	41,191
Depreciation (note 11)		
— property, plant and equipment (other than right-of-use assets)	8,108	11,544
— right-of-use assets	35,470	32,754
	43,578	44,298
Staff costs		
— Salaries, wages and other benefits	275,004	294,830
— Contributions to defined contribution retirement plans	19,910	21,004
	294,914	315,834
Auditor's remuneration		
— audit services	4,000	4,000
Research and development costs (included in administrative and other expenses)	9,855	15,434
Rentals receivable from investment properties less direct outgoings of RMB2,350,000 (2024: RMB2,230,000)	(213,757)	(233,413)
Cost of commodities sold (note 19(c))	154,426,039	161,533,237
Cost of properties sold (note 19(b))	1,395	80,850

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

	2025 RMB'000	2024 RMB'000
Current tax		
PRC Corporate Income Tax ("PRC CIT")	20,179	41,669
Singapore Corporate Income Tax ("SG CIT")	69	2,058
PRC Land Appreciation Tax ("PRC LAT")	(73)	7,034
	20,175	50,761
Over-provision in prior years		
PRC CIT	(40,037)	–
SG CIT	(193)	–
	(40,230)	–
Deferred tax		
Origination and reversal of temporary differences	201,883	114,427
	181,828	165,188

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.

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 as the Group did not earn any assessable income subject to Hong Kong Profits Tax during both years.

The provision for SG CIT is calculated at 17% of the estimated assessable profits for the year.

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

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 years ended 31 December 2024 and 2025, and two subsidiaries of the Group, are subject to PRC CIT at a preferential tax rate of 9% for the years ended 31 December 2024 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 years ended 31 December 2024 and 2025. The application of preferential tax rate is reviewed by the tax authority annually.

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

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.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX (Continued)

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

The Group is within the scope of the Pillar Two Model Rules published by the Organisation for Economic Co-operation 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, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2026. 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 year ended 31 December 2025, the Group does not expect to have any Pillar Two exposure (including current tax) arising in these jurisdictions. Overall, based on the assessment for the year ended 31 December 2025 and the information currently available, the impact of these rules on the Group's income tax position is not expected to be material.

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	283,459	258,549
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	87,071	84,890
Tax effect of non-deductible expenses	5,896	5,589
Tax effect of non-taxable share of net profits of associates and joint ventures	(3,801)	(4,073)
Tax effect of non-taxable income	(1,904)	(2,249)
Tax effect of unused tax losses not recognised	163,857	105,910
Utilisation of previous unrecognised tax losses	(29,006)	(30,154)
Over-provision in prior years	(40,230)	–
PRC LAT in relation to properties sold	(73)	7,034
Tax effect on PRC LAT	18	(1,759)
Actual tax expense	181,828	165,188

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

7 INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments are as follows:

	For the year ended 31 December 2025				Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	
Chairman and executive director:					
Mr. Yan Zhi*	440	486	–	19	945
Executive directors:					
Dr. Gang Yu	440	–	–	–	440
Mr. Qi Zhiping*	440	2,545	–	140	3,125
Mr. Yu Wei	220	1,508	353	4	2,085
Ms. Fan Xiaolan	220	–	–	–	220
Independent non-executive directors:					
Mr. Cheung Ka Fai	275	–	–	–	275
Mr. Wu Ying	275	–	–	–	275
Mr. Zhu Zhengfu	275	–	–	–	275
	2,585	4,539	353	163	7,640

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

7 INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Directors' emoluments are as follows: (Continued)

	For the year ended 31 December 2024					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000		
Chairman and executive director:						
Mr. Yan Zhi*	621	486	–	19		1,126
Executive directors:						
Dr. Gang Yu	630	–	–	–		630
Mr. Qi Zhiping*	479	2,541	–	129		3,149
Mr. Yu Wei	219	1,744	–	26		1,989
Mr. Xia Lifeng (resigned on 1 January 2024)	–	–	–	–		–
Ms. Fan Xiaolan (appointed on 1 January 2024)	219	–	–	–		219
Independent non-executive directors:						
Mr. Cheung Ka Fai	315	–	–	–		315
Mr. Wu Ying	315	–	–	–		315
Mr. Zhu Zhengfu	315	–	–	–		315
	3,113	4,771	–	174		8,058

* Mr. Yan Zhi and Mr. Qi Zhiping perform the function of co-chief executives of the Company and their emoluments disclosed above include those for services rendered by them as the co-chief executives.

The discretionary bonus received by the relevant executive Director was determined with reference to, among other things, prevailing market conditions, performance of the Group and performance of the relevant executive Director, and in accordance with the remuneration policy of the Group. The remuneration package of each executive Director was recommended by the Remuneration Committee and approved by the Board.

During the year, no amount was paid or payable by the Group to the directors or any of the 5 highest paid individuals set out in note 8 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year. For the basis of determining the emolument payable to the directors, please refer to the paragraph headed "Directors' Emoluments" in the Report of the Directors contained in this annual report.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

7 INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(b) Loans, quasi-loans and other dealings in favour of directors

Amount due from directors

	As at		Maximum amount outstanding during the year ended		
	1 January 2024 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
Mr. Qi Zhiping	1,570	1,570	1,570	1,570	1,570
Mr. Yu Wei	–	1,468	–	–	1,468
	1,570	3,038	1,570	1,570	3,038

These amounts are non-trade related, unsecured, interest free and repayable on demand.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2024: two) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	3,750	3,741
Discretionary bonuses	–	–
Retirement scheme contributions	156	146
	3,906	3,887

The emoluments of two (2024: two) individuals with the highest emoluments are within the following bands:

	2025 Number of individual	2024 Number of individual
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	1

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary equity shareholders of the Company of approximately profit of RMB147,449,000 (2024: RMB128,953,000) and the weighted average of 12,399,506,000 (2024: 12,399,506,000) ordinary shares in issue during the year. There was no movement in issued ordinary shares during 2024 and 2025.

(b) Diluted earnings per share

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

10 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At 1 January 2024	22,772,938	1,693,302	24,466,240
Transfer from properties held for sale	48,493	26,116	74,609
Disposals arising from disposal of a subsidiary (note 35)	(178,637)	(112,300)	(290,937)
Fair value adjustments	314,588	314,792	629,380
At 31 December 2024	22,957,382	1,921,910	24,879,292
Represented:			
Cost	9,026,418	839,714	9,866,132
Fair value adjustments	13,930,964	1,082,196	15,013,160
	22,957,382	1,921,910	24,879,292
At 1 January 2025	22,957,382	1,921,910	24,879,292
Transfer from properties held for sale	41,935	85,719	127,654
Transfer	1,224,866	(1,224,866)	–
Fair value adjustments	774,632	286,260	1,060,892
At 31 December 2025	24,998,815	1,069,023	26,067,838
Represented:			
Cost	9,735,956	257,830	9,993,786
Fair value adjustments	15,262,859	811,193	16,074,052
	24,998,815	1,069,023	26,067,838

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

10 INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amount (Continued)

During the year ended 31 December 2025, the Group transferred certain completed properties held for sale to investment properties when there was an actual a change in use from selling to earning rental income, 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 attributable to these properties of RMB573,730,000 (2024: RMB246,552,000) was recognised in profit or loss upon the transfer.

As at 31 December 2025, the Group's investment portfolio with an aggregated carrying value of approximately RMB14,463,461,000 (2024: RMB11,797,309,000) were pledged as collateral for the Group's interest-bearing borrowings (note 25).

As at 31 December 2025, the ownership certificates for certain investment properties with the carrying amount of RMB4,004,240,000 (2024: RMB3,305,354,000) have not been obtained. The directors of the Company are of the opinion that the Group are entitled to lawfully and validly occupy and use of the above-mentioned investment properties.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuation: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuation: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which markets data are not available
- Level 3 valuation: Fair value measured using significant unobservable inputs

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

10 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

	Fair value as at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into level 3 RMB'000
Recurring fair value measurement		
— investment properties	26,067,838	26,067,838
	Fair value as at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into level 3 RMB'000
Recurring fair value measurement		
— investment properties	24,879,292	24,879,292

During the years ended 31 December 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2024 and 2025. The valuations were carried out by an independent firm of qualified external property valuers, which has recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

10 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties	Income capitalisation method	Term yield	5.0% (2024: 5.0%)
		Reversion yield	5% (2024: 5.0%)
		Market monthly rental rate (RMB/sqm.)	9.0-114.01 (2024: 8.1-115.6)
		Occupancy rate	0%-95% (2024: 0%-95%)

The fair value of investment properties is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value adjustment of investment properties is recognised in the line of item "net valuation gain on investment properties" on the face of the consolidated statement of profit or loss.

Significant judgement is required when evaluating the inputs into the fair value determination of the investment properties. The following table sets out the potential impact on the fair value of the investment properties arising from reasonably possible changes in the key assumptions. Each sensitivity assumes that all other variables are held constant.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

10 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

	2025		2024	
	Increase RMB'000	Decrease RMB'000	Increase RMB'000	Decrease RMB'000
Reversion yield				
— 0.5% movement	(1,893,000)	2,105,000	(1,798,000)	2,001,000
— 1% movement	(3,599,000)	4,450,000	(3,418,000)	4,234,000
Market monthly rental rate (RMB/sqm.)				
— 5% movement	1,287,000	(1,287,000)	1,233,000	(1,233,000)
— 10% movement	2,574,000	(2,574,000)	2,465,000	(2,465,000)
Occupancy rate				
— 5% decrease	N/A	(1,310,000)	N/A	(1,223,000)
— 10% decrease	N/A	(2,620,000)	N/A	(2,447,000)

(c) Investment properties leased out under operating leases

The Group leases out its investment properties under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every 1 to 3 years to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	100,298	117,310
After 1 year but within 2 years	50,726	67,732
After 2 years but within 3 years	30,395	52,849
After 3 years but within 4 years	24,043	38,921
After 4 years but within 5 years	18,761	32,703
After 5 years	140,756	208,017
	364,979	517,532

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for own use RMB'000	Other properties leased for own use RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2024	332,304	54,058	26,464	176,566	5,328	594,720
Additions	8,348	14,426	193	3,595	38,981	65,543
Transfer from construction in progress	683	–	–	–	(683)	–
Disposals	(1,584)	(18,369)	(4,376)	(52,685)	–	(77,014)
Disposals arising from disposal of a subsidiary (note 35)	(4,831)	(779)	(781)	(1,111)	–	(7,502)
At 31 December 2024 and 1 January 2025	334,920	49,336	21,500	126,365	43,626	575,747
Additions	11,915	17,916	1,719	13,444	14,229	59,223
Transfer from construction in progress	7,197	–	–	18,693	(25,890)	–
Disposals	(1,470)	(15,635)	(3,445)	(18,833)	–	(39,383)
At 31 December 2025	352,562	51,617	19,774	139,669	31,965	595,587
Accumulated depreciation:						
At 1 January 2024	87,412	20,620	22,902	115,642	–	246,576
Charge for the year	21,007	11,747	728	10,816	–	44,298
Eliminated on disposals	(242)	(9,612)	(3,494)	(34,266)	–	(47,614)
Eliminated arising from disposal of a subsidiary (note 35)	(1,249)	(501)	(699)	(1,106)	–	(3,555)
At 31 December 2024 and 1 January 2025	106,928	22,254	19,437	91,086	–	239,705
Charge for the year	21,829	13,641	482	7,626	–	43,578
Eliminated on disposals	(1,085)	(15,196)	(3,083)	(11,794)	–	(31,158)
At 31 December 2025	127,672	20,699	16,836	86,918	–	252,125
Net book value:						
At 31 December 2025	224,890	30,918	2,938	52,751	31,965	343,462
At 31 December 2024	227,992	27,082	2,063	35,279	43,626	336,042

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

The ownership certificates for certain buildings with net book value of RMB40,763,000 (2024: RMB43,206,000) have not been obtained. The directors of the Company are of the opinion that the Group are entitled to lawfully and validly occupy and use of the above-mentioned buildings.

As at 31 December 2025, the Group's buildings with carrying value of RMB34,562,000 (2024: RMB28,481,000) were pledged as collateral for the Group's interest-bearing borrowings (note 25).

(a) Right-of-use assets

	Note	2025 RMB'000	2024 RMB'000
Included in "Property, plant and equipment":			
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in the PRC, with remaining lease term between 10 and 50 years	(i)	224,890	227,992
Other properties leased for own use, carried at depreciated cost	(ii)	30,918	27,082
		255,808	255,074

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets:		
— Ownership interests in leasehold land and buildings	21,829	21,007
— Other properties leased for own use	13,641	11,747
Interest on lease liabilities (note 5(a))	885	800
Expenses relating to short-term leases	12,095	11,344

During the year, additions to right-of-use assets were RMB29,831,000 (2024: RMB22,774,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements and purchase of ownership interests in leasehold land and building.

Details of land leases included in the carrying amount of inventories, total cash outflows for leases and the maturity analysis of lease liabilities are set out in notes 19, 23(d) and 26 respectively.

(i) Ownership interests in leasehold lands and buildings held for own use

The Group holds several commercial buildings as administrative offices. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying lands, except for certain buildings for which ownership certificates have not yet been obtained. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Right-of-use assets (Continued)

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and administrative offices through tenancy agreements. The leases typically run for an initial period of 1 to 6 years. Lease payments are usually increased every 1 to 6 years. None of properties leased for own used include an option to renew the lease for an additional period after the end of the contract term.

12 INTANGIBLE ASSETS

	Software RMB'000	Favourable contracts RMB'000	Customer relationship RMB'000	Trademark RMB'000	Total RMB'000
Cost:					
At 1 January 2024	200,616	23,100	737,700	176,577	1,137,993
Additions	30,270	–	–	–	30,270
Disposals	(608)	–	–	–	(608)
At 31 December 2024 and 1 January 2025	230,278	23,100	737,700	176,577	1,167,655
Additions	44,339	–	–	–	44,339
Disposals	(38)	–	–	–	(38)
At 31 December 2025	274,579	23,100	737,700	176,577	1,211,956
Accumulated amortisation:					
At 1 January 2024	115,438	23,100	209,619	1,464	349,621
Charge for the year	22,152	–	18,908	131	41,191
Eliminated on disposals	(132)	–	–	–	(132)
At 31 December 2024 and 1 January 2025	137,458	23,100	228,527	1,595	390,680
Charge for the year	24,722	–	18,908	132	43,762
Eliminated on disposals	(38)	–	–	–	(38)
At 31 December 2025	162,142	23,100	247,435	1,727	434,404
Accumulated impairment loss:					
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	–	–	275,697	84,389	360,086
Net book value:					
At 31 December 2025	112,437	–	214,568	90,461	417,466
At 31 December 2024	92,820	–	233,476	90,593	416,889

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

12 INTANGIBLE ASSETS (Continued)

The amortisation charge for the year is included in “administrative and other expenses” in the consolidated statement of profit or loss.

An impairment test has been carried out for the CGU-Shenzhen Sinoagri which includes the Group’s trademark with indefinite useful life, with a carrying amount of RMB90,400,000 as at 31 December 2025 (2024: RMB90,400,000). In addition to the trademarks, other intangible assets, property, plant and equipment and other non current assets (including allocation of corporate assets) that generate cash flows together with the trademark are also included in this CGU for the purpose of impairment assessment. Details of impairment assessment on the CGU-Shenzhen Sinoagri are set out in notes 13.

No impairment loss or reversal of impairment loss is considered necessary for trademark for the year ended 31 December 2025 and 2024.

13 GOODWILL

	RMB'000
Cost:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,771,367
Accumulated impairment losses:	
At 1 January 2024, 31 December 2024 and 1 January 2025	1,519,869
Impairment loss recognised	251,498
At 31 December 2025	1,771,367
Carrying amount:	
At 31 December 2025	-
At 31 December 2024	251,498

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

13 GOODWILL (Continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGU identified according to operating segment as follows:

	2025 RMB'000	2024 RMB'000
Shenzhen Sinoagri – business of supply chain management and trading of agriculture products	–	251,113
Others	–	385
	–	251,498

The recoverable amount of the CGU-Shenzhen Sinoagri is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The average budgeted gross profit growth rate for the five-year period is 10.64% (2024: 19.52%). The budgeted gross profit was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2% (2024: 2%). The growth rate used does not exceed the long-term average growth rate for the business in which the CGU operates. The cash flow is discounted using a discount rate of 16.46% (2024: 17.00%). The working capital levels during the forecast period were estimated by applying the average ratio of working capital to revenue observed over the past three years, with the assumed working capital turnover days being generally consistent with the historical operating cycle of the CGU. The average turnover days of 15.9 (2024: 13.1) were applied throughout the forecast period.

As at 31 December 2025, the goodwill of CGU-Shenzhen Sinoagri is fully impaired.

As at 31 December 2024, the estimated recoverable amount of the CGU-Shenzhen Sinoagri exceeded its carrying amount by approximately RMB70,176,000. Management has identified that a reasonably possible change in the three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Increase/(decrease) required for carrying amount to equal recoverable amount 2024
Sales volume	(4.69%)
Gross profit margin	(0.014%)
Discount rate	0.42%

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of principal subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation and business	Paid up issued/ registered capital	Proportion of ownership interest						
			Group's effective interest		Held by the Company		Held by a subsidiary		Principal activities
			2025	2024	2025	2024	2025	2024	
武漢漢口北商貿市場投資有限公司 Wuhan North Hankou Trade Market Investment Co., Ltd. (notes (i) and (ii))	The PRC	RMB378,600,000	100%	100%	-	-	100%	100%	Property development
卓爾投資集團有限公司 Zall Investment Group Co., Ltd. (notes (i) and (ii))	The PRC	RMB100,000,000	100%	100%	-	-	100%	100%	Property development
武漢大世界投資發展有限公司 Wuhan Big World Investment and Development Co., Ltd. (notes (i) and (ii))	The PRC	RMB100,000,000	100%	100%	-	-	100%	100%	Property development
深圳市中農網有限公司 Shenzhen Sinoagri (notes (i) and (iii))	The PRC	RMB509,000,000	71.85%	71.85%	-	-	71.85%	71.85%	Supply chain management and trading business
深圳市昆商易糖供應鏈有限公司 Shenzhen Kunshang E-Sugar Supply Chain Co., Ltd. (notes (i) and (ii))	The PRC	RMB80,000,000	47.76%	47.76%	-	-	100%	100%	Supply chain management and trading business
廣西康宸世糖貿易有限公司 Guangxi Kangchen Shitang Trading Co., Ltd. (notes (i) and (iii))	The PRC	RMB50,000,000	47.76%	47.76%	-	-	100%	100%	Supply chain management and trading business
廣西糖網食糖批發市場有限責任公司 Guangxi Sugar Market Network CO., Ltd (notes (i) and (ii))	The PRC	RMB50,000,000	47.76%	47.76%	-	-	100%	100%	Supply chain management and trading business
上海卓鋼鏈電子商務有限公司 Shanghai Zall Steel E-commerce Co., Ltd. (notes (i) and (iii))	The PRC	RMB100,000,000	51%	51%	-	-	51%	51%	Supply chain management and trading business
常州塑來貿易有限公司 Changzhou Sulai Trade Co., Ltd. (notes (i) and (ii))	The PRC	RMB50,000,000	69.29%	69.29%	-	-	100%	100%	Supply chain management and trading business
Commodities Intelligence Centre Pte. Ltd.	Singapore	SGD10,000,000	70%	70%	-	-	70%	70%	Supply chain management and trading business

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (i) The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.
- (ii) These entities are domestic enterprises established in the PRC.
- (iii) This entity is a Sino-foreign equity joint venture established in the PRC.

The following table lists out the information relating to Shenzhen Sinoagri and its subsidiaries, which have a material non-controlling interest ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025 RMB'000	2024 RMB'000
NCI percentage	28.15%	28.15%
As at 31 December		
Current assets	14,589,374	15,751,091
Non-current assets	929,256	916,912
Current liabilities	14,113,022	15,299,203
Non-current liabilities	208,742	168,833
Net assets	1,196,866	1,199,967
Carrying amount of NCI	461,411	464,183
For the year ended 31 December		
Revenue	43,933,020	40,479,001
Profit for the year before amortisation of intangible assets and impairment loss on intangible assets	917	17,925
Expense arisen from acquisition (after tax):		
— Amortisation of intangible assets	(5,926)	(5,926)
(Loss)/Profit for the year	(5,009)	11,999
Total comprehensive (expense)/income for the year	(5,009)	11,999
Loss attributable to NCI	(2,772)	(6,626)
Dividend paid to NCI	—	—
For the year ended 31 December		
Net cash used in operating activities	(201,484)	(366,604)
Net cash used in investing activities	(23,620)	(75,765)
Net cash generated from financing activities	199,700	94,264

Notes to the Consolidated Financial Statements (continued)

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15 INTERESTS IN ASSOCIATES

The directors of the Company are of the view that the Group had no individually material associates as at 31 December 2025 and 2024. Aggregate information of the associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	385,379	343,512
Aggregate amounts of the Group's share of the associates'		
— Profit for the year	5,238	8,916
— Other comprehensive income for the year	15	—
— Total comprehensive income for the year	5,253	8,916

	Note	2025 RMB'000	2024 RMB'000
At 1 January		343,512	282,648
Additional investments		49,114	64,500
Share of results of associates		5,253	8,916
Disposal of associates	(i) and (ii)	(12,500)	(12,552)
At 31 December		385,379	343,512

Notes:

- (i) During the year ended 31 December 2025, the group entered into an agreement with an independent third party to dispose of its 25% equity interest in Nanjing Haojing Supply Chain Co., Ltd., at a consideration of RMB12,500,000.
- (ii) During the year ended 31 December 2024, other shareholders injected a capital of RMB30,000,000 into Shenzhen Haohuoji Science and Technology Co., Ltd. ("Shenzhen Haohuoji"), resulting in a dilution of the Group's ownership percentage from 18.1% to 16.8%. Following the capital injection, the Group lost its only one board seat and therefore, it could not exercise significant influence over Shenzhen Haohuoji. The investment in Shenzhen Haohuoji is accounted for as an equity investment at fair value through other comprehensive income thereafter, with the gain on deemed disposal of RMB72,408,000 recognised in the consolidated statement of profit or loss during the year.

During the year ended 31 December 2024, the group entered into an agreement with a third party to dispose of its 29.7% equity interest in Guangxi Bulk Cocoon Silk International Trading Center Co., Ltd., at a consideration of RMB10,105,000 and resulted in a loss of RMB2,447,000.

Notes to the Consolidated Financial Statements (continued)

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16 INTERESTS IN JOINT VENTURES

The directors of the Company are of the view that the Group had no individually material joint venture as at 31 December 2025 and 2024. Aggregate information of the joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amounts of individually immaterial joint ventures in the consolidated financial statement	155,655	30,113
Aggregate amounts of the Group's share of the joint ventures'		
— Profit for the year	15,662	11,640
— Other comprehensive income/(expense) for the year	273	(22)
— Total comprehensive income for the year	15,935	11,618

	Note	2025 RMB'000	2024 RMB'000
At 1 January		30,113	18,495
Additional investments	(i)	109,607	—
Share of results of joint ventures		15,935	11,618
At 31 December		155,655	30,113

Notes:

- (i) During the year ended 31 December 2025, the Group made additional capital injection to ZMA Smart Capital Pte. Ltd., for total consideration of RMB109,607,000.

17 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI		
— Unlisted equity securities	80,408	80,408

The unlisted equity securities are shares in several companies incorporated in the PRC, which is held for strategic purposes. The directors have elected to designate these investments as equity instruments at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. No dividends were received on these investments during the year.

During the year ended 31 December 2024, upon the completion of the capital injection of 6.98% equity interest in Shenzhen Haohuoji from another shareholders, the Group lost significant influence over Shenzhen Haohuoji, a former associate of the Group, and accounted for the remaining 16.84% equity interest as equity investments at fair value through other comprehensive income (see note 15).

Notes to the Consolidated Financial Statements (continued)

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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets at FVPL		
Listed equity securities in Hong Kong		
— Fullshare Holding Limited	1,601	5,473
Wealth management products and trust products (note (i))	15,000	10,000
Forward contracts	60,575	22,315
	77,176	37,788

Notes:

- (i) The amount represents investments in wealth management products and trust products issued by reputable financial institutions in the PRC. There are no fixed or determinable returns of these wealth management products and trust products.

19 INVENTORIES

	2025 RMB'000	2024 RMB'000
Properties under development for sale (note (a))	1,343,584	1,553,542
Completed properties held for sale (note (b))	1,252,360	1,039,348
Commodities (note (c))	1,182,889	1,382,964
	3,778,833	3,975,854

(a) Properties under development for sale

The amount of properties under development for sale expected to be recovered after more than one year is RMB1,343,584,000 (2024: RMB1,553,542,000).

As at 31 December 2025, certain properties under development for sale with an aggregate carrying value of RMB nil (2024: RMB252,668,000) was pledged as collateral for the Group's interest-bearing borrowings (note 25).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

19 INVENTORIES (Continued)

(a) Properties under development for sale (Continued)

- (i) The analysis of carrying value of leasehold land included in properties under development for sale is as follows:

	2025 RMB'000	2024 RMB'000
In the PRC, with remaining lease term of: — Between 40-50 years	197,738	215,729

(b) Completed properties held for sale

	2025 RMB'000	2024 RMB'000
Completed properties held for sale in the PRC	1,252,360	1,039,348

The analysis of carrying value of leasehold land included in completed properties held for sale is as follows:

	2025 RMB'000	2024 RMB'000
In the PRC, with remaining lease term of:		
— Between 40-50 years	44,517	32,188
— 50 years or more	10,734	10,734
	55,251	42,922

The amount of completed properties held for sale expected to be recovered after more than one year is RMB1,252,360,000(2024: RMB1,039,348,000).

As at 31 December 2025, completed properties held for sale with an aggregate carrying value of RMB173,179,000(2024: RMB172,872,000) were pledged as collateral for the Group's interest-bearing borrowings (note 25).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

19 INVENTORIES (Continued)

(c) Commodities

Commodities in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Supply chain management and trading business		
— Steel	378,156	667,720
— Sugar and sugarcane	360,618	369,100
— Chili peppers and chili powder	275,505	233,399
— Chemical materials	52,876	26,976
— Cocoon silk	29,443	23,187
— Coffee bean	22,277	40,793
— Others	64,014	21,789
	1,182,889	1,382,964

The analysis of the amount of commodities recognised as cost of sales and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of commodities sold	154,426,039	161,533,237

20 CONTRACT ASSET AND CONTRACT LIABILITIES

(a) Contract assets

	2025 RMB'000	2024 RMB'000
Contract assets		
Arising from performance under construction contracts	54,369	30,564
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables"	5,317,427	8,665,652

The amount of contract assets that is expected to be recovered after more than one year is RMB54,369,000 (2024: RMB30,564,000).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

20 CONTRACT ASSET AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Properties development and related services		
— Forward sales deposits and instalments received	137,987	148,046
Supply chain management and trading		
— Deposits received from third parties	13,523,749	14,748,698
Others		
— Deposits received	14,188	27,912
	13,675,924	14,924,656

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Property development and related services
Depending on market conditions, the Group requires the customers to payoff the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period for the full amount of the contract price. In addition, the contract liability will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any financing benefit obtained from the customers during the period between the payment date and the revenue recognition date.
- Supply chain management and trading
The Group receives 10% to 100% of the contract value as a deposit from customers at the payment date as stipulated in the sale and purchase agreement. This deposit is recognised as a contract liability until the customer takes possession of and accepts the products.

The deposits received from third parties of RMB1,049,000,000 (2024: RMB1,156,000,000) were paid by Z-bank, a related party of the Company, on behalf of certain customers. These deposits were paid from the proceeds from trade loans provided by Z-bank to these customers; and the corresponding commodities will be delivered to these customers once the related trade loans are settled by these customers to Z-bank. In case the customers do not fulfill their obligations of settlement of trade loans to Z-bank, the Group will refund the deposits to Z-bank, with recourse by the Group to such action as realising any inventories of the customers held.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

20 CONTRACT ASSET AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities (Continued)

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	14,924,656	10,395,307
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(14,781,556)	(10,233,175)
Increase in contract liabilities as a result of receiving forward sales deposits and installments during the year in respect of properties not yet delivered as at the year end	1,000	1,625
Decrease in contract liabilities as a result of cancelling sale contracts	(5,443)	–
Increase in contract liabilities as a result of accruing interest expense on advances	1,758	2,421
Decrease in contract liabilities as a result of the sale of a subsidiary (note 35)	–	(1,757)
Net increase in contract liabilities as a result of receiving deposits in respect of commodities and other services not yet delivered as at the year end	13,535,509	14,760,235
Balance at 31 December	13,675,924	14,924,656

The amount of forward sales deposits and instalments received in respect of properties expected to be recognised as income after more than one year is RMB137,987,000 (2024: RMB148,046,000).

21 TRADE AND OTHER RECEIVABLES

	Note	2025 RMB'000	2024 RMB'000
Trade receivables, net of loss allowance (Note)	(a)	5,335,763	8,725,888
Loans and factoring receivables, net of loss allowance	(b)	781,246	1,282,860
		6,117,009	10,008,748
Advances to suppliers		13,183,090	13,981,971
Other receivables, deposits and prepayments		1,512,040	2,296,209
		20,812,139	26,286,928

As at 31 December 2025, other receivables of RMB250,000 (2024: RMB8,250,000) were pledged as collateral for the Group's interest-bearing borrowings (note 25).

Note:

The trade receivables balance includes trade debtors, bills receivable and rental receivables.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

21 TRADE AND OTHER RECEIVABLES (Continued)

(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 loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 6 months	4,855,410	7,739,161
Over 6 months but within 12 months	354,528	821,325
Over 12 months	125,825	165,402
	5,335,763	8,725,888

Customers are normally granted credit terms of 0 to 360 days, depending on the credit worthiness of individual customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31(a)(i).

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

	Note	2025 RMB'000	2024 RMB'000
Secured loans receivables, net of loss allowance	i	645,347	1,106,477
Factoring receivables, net of loss allowance	ii	135,899	176,383
		781,246	1,282,860

Notes:

- i. Secured loans receivables represent loans advanced to associates (note 34(c)) and third parties which are secured by the borrowers' inventories, properties or unlisted shares.
- ii. As at 31 December 2025, included in the Group's factoring receivables balance are debtors with an aggregate carrying amount of RMB4,166,000 (2024: RMB4,482,000) 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 RMB7,418,000 (2024: RMB31,227,000), which is considered sufficient to cover the outstanding exposure.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

21 TRADE AND OTHER RECEIVABLES (Continued)

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

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:

	2025 RMB'000	2024 RMB'000
Within 6 months	271,744	1,077,822
Over 6 months but within 12 months	382,657	117,935
Over 12 months	126,845	87,103
	781,246	1,282,860

Borrowers are normally granted credit terms of 0 to 360 days, depending on the credit worthiness of individual customers. Further details on the Group's credit policy and credit risk arising from loans and factoring receivables are set out in note 31(a)(ii).

22 PLEDGED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Secured for letters of credit and bills payable (note 24)	6,676,819	9,841,835
Secured for bank loans (note 25)	80,070	37,983
Others	234,792	134,254
	6,991,681	10,014,072

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	1,509,853	1,545,952

At 31 December 2025, cash and cash equivalents and pledged bank deposits with an aggregate amount of RMB8,072,055,000 (2024: RMB10,882,805,000) was placed with banks in the PRC. Remittance of funds out of the PRC is subject to the relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of profit before taxation to cash used in operations:

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		283,459	258,549
Adjustments for:			
Amortisation of intangible assets	5(c)	43,762	41,191
Depreciation of property, plant and equipment	5(c)	43,578	44,298
Finance income	5(a)	(238,865)	(286,804)
Finance costs	5(a)	599,493	621,213
Net valuation gain on investment properties	10	(1,060,892)	(629,380)
Fair value changes on financial instruments at FVPL	4	16,492	(48,277)
Share of net profits of associates	15	(5,238)	(8,916)
Share of net profits of joint ventures	16	(15,662)	(11,640)
Net gain on disposal of a subsidiary	35	–	(16,364)
Net gain on disposal of associates		–	(69,961)
Impairment loss on goodwill	13	251,498	–
Impairment loss recognised under expected credit loss model, net of reversal	5(b)	146,312	232,661
Operating profit before changes in working capital		63,937	126,570
Decrease in inventories		69,367	241,840
Decrease/(increase) in trade and other receivables		4,858,937	(6,148,037)
Increase in contract assets		–	(146)
(Decrease)/increase in trade and other payables		(3,621,980)	1,004,248
(Decrease)/increase in contract liabilities		(1,248,732)	4,531,106
Decrease in deferred income		(441)	(1,432)
Cash generated from/(used in) operations		121,088	(245,851)

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Amounts due to related parties and non-controlling shareholders of subsidiaries RMB'000	Total RMB'000
At 1 January 2025	14,831,437	29,727	1,523,142	16,384,306
Changes from financing cash flows:				
Advance from related parties and non-controlling shareholders of subsidiaries	-	-	13,584	13,584
Repayment to related parties and non-controlling shareholders of subsidiaries	-	-	(198,690)	(198,690)
Proceeds from new bank loans and loans from other financial institutions	4,528,434	-	-	4,528,434
Repayment of bank loans and loans from other financial institutions	(4,083,754)	-	-	(4,083,754)
Proceeds from other loans	199,580	-	-	199,580
Repayment of other loans	(325,525)	-	-	(325,525)
Capital element of lease rentals paid	-	(12,033)	-	(12,033)
Interest expenses paid	(101,017)	(885)	-	(101,902)
Total changes from financing cash flows	217,718	(12,918)	(185,106)	19,694
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	17,916	-	17,916
Reclassification of outstanding interest to other payable	(446,150)	-	-	(446,150)
Interest expenses	547,167	885	-	548,052
Decrease in discounted bill with resource presented under operating cash flows	(750,247)	-	-	(750,247)
Total other changes	(649,231)	18,801	-	(630,430)
At 31 December 2025	14,399,924	35,610	1,338,036	15,773,570

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Amounts due to related parties and non-controlling shareholders of subsidiaries RMB'000	Total RMB'000
At 1 January 2024	15,268,270	33,983	1,020,646	16,322,899
Changes from financing cash flows:				
Advance from related parties and non-controlling shareholders of subsidiaries	–	–	515,509	515,509
Repayment to related parties and non-controlling shareholders of subsidiaries	–	–	(13,013)	(13,013)
Proceeds from new bank loans and loans from other financial institutions	2,988,569	–	–	2,988,569
Repayment of bank loans and loans from other financial institutions	(2,876,114)	–	–	(2,876,114)
Proceeds from other loans	234,621	–	–	234,621
Repayment of other loans	(714,639)	–	–	(714,639)
Capital element of lease rentals paid	–	(17,502)	–	(17,502)
Interest expenses paid	(269,842)	(800)	–	(270,642)
Total changes from financing cash flows	(637,405)	(18,302)	502,496	(153,211)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	14,426	–	14,426
Reclassification of outstanding interest to other payable	(295,696)	–	–	(295,696)
Disposal of a subsidiary (note 35)	(69,271)	(1,180)	–	(70,451)
Interest expenses	565,539	800	–	566,339
Total other changes	200,572	14,046	–	214,618
At 31 December 2024	14,831,437	29,727	1,523,142	16,384,306

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the followings:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	12,095	11,344
Within investing cash flows	11,915	8,348
Within financing cash flows	12,918	18,302
	36,928	37,994

24 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and bills payables (note (a))	8,667,151	14,779,661
Receipts in advance (note (b))	95,388	76,313
Other payables and accruals	3,916,920	3,899,336
	12,679,459	18,755,310

The amount of receipts in advance expected to be settled after one year is approximately RMB3,791,000 (2024: RMB6,871,000). All of the other trade and other payables are expected to be settled within one year or repayable on demand.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

24 TRADE AND OTHER PAYABLES (Continued)

Notes:

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

	2025 RMB'000	2024 RMB'000
Within 6 months	7,226,843	13,737,077
Over 6 months but within 12 months	758,711	727,534
Over 12 months	681,597	315,050
	8,667,151	14,779,661

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

	2025 RMB'000	2024 RMB'000
Pledged bank deposits (note 22)	6,676,819	9,841,835

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

25 INTEREST-BEARING BORROWINGS

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

	2025 RMB'000	2024 RMB'000
Current		
Bank loans and loans from other financial institutions (note (a))	4,868,612	4,985,867
Other loans (note (b))	3,040,604	1,996,716
Loans from an entity controlled by Ultimate Controlling Party (note (c))	20,000	20,000
Discounted bank acceptance bills (note (d))	3,815,320	4,565,569
	11,744,536	11,568,152
Non-current		
Bank loans and loans from other financial institutions (note (a))	1,877,955	1,316,019
Other loans (note (b))	777,433	1,947,266
	2,655,388	3,263,285
	14,399,924	14,831,437

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

25 INTEREST-BEARING BORROWINGS (Continued)

(a) Bank loans and loans from other financial institutions

At 31 December 2025, the bank loans and loans from other financial institutions were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	4,868,612	4,985,867
After 1 year but within 2 years	377,155	218,131
After 2 years but within 5 years	1,500,800	1,097,888
	1,877,955	1,316,019
	6,746,567	6,301,886

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

	2025 RMB'000	2024 RMB'000
Secured/guaranteed	5,471,882	5,124,272
Unsecured	1,274,685	1,177,614
	6,746,567	6,301,886

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

25 INTEREST-BEARING BORROWINGS (Continued)

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

At 31 December 2025, certain bank loans and loans from other financial institutions of RMB1,744,692,000 (2024: RMB1,396,418,000) were guaranteed by corporate guarantees of certain of the Group's subsidiaries. The remaining bank loans and loans from other financial institutions of RMB3,727,190,000 (2024: RMB3,727,854,000) are secured by the following assets of the Group:

	2025 RMB'000	2024 RMB'000
Pledged bank deposits (note 22)	80,070	37,983
Other receivables (note 21)	250	8,250
Investment properties and investment properties under development (note 10)	14,463,461	11,797,309
Properties under development for sale (note 19(a))	–	252,668
Completed properties held for sale (note 19(b))	173,179	172,872
Properties, plant and equipment (note 11)	34,562	28,481
	14,751,522	12,297,563

Bank loans and loans from other financial institutions bear fixed interest ranging from 2.11% to 12.00% per annum as at 31 December 2025 (2024: 2.85% to 12.00%).

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. Further details of the Group's management of liquidity risk are set out in note 31(b).

During the year, the Group breached certain terms of bank loans with carrying amount of RMB1,209,700,000 (2024: RMB950,900,000) as at 31 December 2025, primarily relating to the late repayment of the loan. The directors have informed the lenders and commenced renegotiation of the loan terms with the relevant lenders. As at 31 December 2025, 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 31 December 2025.

Up to the date of approval for issuance of the consolidated financial statements, the negotiations with the lenders remain ongoing. The directors have assessed the potential impact of a demand for immediate repayment of the loans. Based on this assessment, and taking into account the progress of the negotiations with the lender and the availability of alternative sources of finance accessible to the Group, the directors are of the view that the Group will be able to meet its obligations as and when they fall due.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

25 INTEREST-BEARING BORROWINGS (Continued)

(b) Other loans

At 31 December 2025, other loans were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	3,040,604	1,996,716
After 1 year but within 2 years	–	1,169,832
After 2 years but within 5 years	777,433	777,434
	777,433	1,947,266
	3,818,037	3,943,982

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

During the year, the Group breached certain terms of loan from independent third parties with carrying amount of RMB1,805,663,000 (2024: RMB160,491,000) as at 31 December 2025, primarily relating to the late repayment of the loan. The directors have informed the lenders and commenced renegotiation of the loan terms with the relevant lenders. As at 31 December 2025, 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 31 December 2025.

Up to the date of approval for issuance of the consolidated financial statements, the negotiations with the lenders remain ongoing. The directors have assessed the potential impact of a demand for immediate repayment of the loans. Based on this assessment, and taking into account the progress of the negotiations with the lenders and the availability of alternative sources of finance accessible to the Group, the directors are of the view that the Group will be able to meet its obligations as and when they fall due.

- (c) Loans from an entity controlled by Ultimate Controlling Party are unsecured and bear fixed interest of 5% (2024: 5%) per annum as at 31 December 2025.
- (d) The Group has discounted bank acceptance bills of RMB3,815,320,000 (2024: RMB4,565,569,000) as at 31 December 2025. 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.

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26 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	11,690	6,901
After 1 year but within 2 years	4,378	9,087
After 2 years but within 5 years	10,000	9,543
More than 5 years	9,542	4,196
	23,920	22,826
	35,610	29,727

The weighted average incremental borrowing rates applied to lease liabilities range from 3.10% to 4.75% (2024: from 4.53% to 12.91%).

27 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 14%–16% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

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28 EQUITY-SETTLED SHARE-BASED PAYMENTS

Pursuant to an acquisition agreement dated 28 October 2016 entered into by the Company (the "Acquisition Agreement"), the Group has granted a total of 45,667,950 share options under the share option scheme adopted by the Company on 20 June 2011 to certain senior management of Shenzhen Sinoagri ("Shenzhen Sinoagri Management team") at total consideration of HK\$3.00 to subscribe share of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

Upon the expiry of the share option scheme in 2021, no any further share option will be granted to Shenzhen Sinoagri Management team. A new share option scheme was approved and adopted on 28 May 2021 by the Company which is valid and effective for a period of 10 years whereby the directors of the Company are authorised, at their discretion, to grant options to subscribe for shares in the Company to eligible participants, including directors, eligible employees, advisors, consultants, agents, suppliers, customers and distributors who contributed to the success of the Company and/or any of its subsidiaries.

Number of share options	Vesting conditions	Contractual life of options
	The date of grant of 22 December 2017 to the respective date of the publication of annual report of the Company for the following financial year	The respective date of the publication of annual report of the Company for the following financial year to 21 December 2027
9,133,590	2017	2017
9,133,590	2018	2018
9,133,590	2019	2019
9,133,590	2020	2020
9,133,590	2021	2021
<u>45,667,950</u>		

The number of the options to be exercised after each vesting period is subject to a performance guarantee mechanism with reference to revenue and net profit of Shenzhen Sinoagri for the respective financial year. For further details of the financial performance targets, please refer to the paragraph headed "Management Shares and Management Options" in the circular of the Company dated 15 February 2017.

Notes to the Consolidated Financial Statements (continued)

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28 EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the year	8.48	15,547,407	8.48	15,547,407
Lapsed during the year	8.48	–	8.48	–
Outstanding at the end of the year	8.48	15,547,407	8.48	15,547,407
Exercisable at the end of the year	8.48	15,547,407	8.48	15,547,407

At 31 December 2025, the options outstanding had an exercise price of HK\$8.48 (2024: HK\$8.48) and the remaining contractual life of share option scheme is 2 years (2024: 3 years). No share options had been exercised, cancelled or lapsed during the years ended 31 December 2025.

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
Prepaid taxes:		
PRC CIT	20,029	20,737
PRC LAT	7,166	7,166
	27,195	27,903
Current tax liabilities:		
PRC CIT	289,578	433,714
PRC LAT	130,542	131,212
	420,120	564,926

(b) Deferred tax assets and liabilities recognised:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	444,991	498,414
Deferred tax liabilities	(4,770,286)	(4,510,741)
	(4,325,295)	(4,012,327)

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during both years are as follows:

	Provision for PRC LAT RMB'000	Fair value adjustments for investment properties RMB'000	Tax loss RMB'000	Fair value adjustment of intangible assets through business combination RMB'000	Credit loss allowance RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	34,505	(4,205,347)	56,050	(116,784)	297,822	25,533	(3,908,221)
Credited/(charged) to profit or loss	1,921	(157,344)	–	1,510	55,931	(16,445)	(114,427)
Eliminated arising from disposal of a subsidiary	(1,382)	19,135	(3,382)	–	(3,867)	(183)	10,321
At 31 December 2024 and 1 January 2025	35,044	(4,343,556)	52,668	(115,274)	349,886	8,905	(4,012,327)
Credited/(charged) to profit or loss	(168)	(265,223)	20,222	4,758	40,571	(2,043)	(201,883)
Others	–	–	–	–	(111,085)	–	(111,085)
At 31 December 2025	34,876	(4,608,779)	72,890	(110,516)	279,372	6,862	(4,325,295)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(x), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,471,707,000 (2024: RMB3,064,673,000) as at 31 December 2025. The directors of the Company consider it is not probable that future taxable profits against which the losses can be utilised will be available from these subsidiaries. Cumulative tax losses of RMB2,435,629,000 (2024: RMB3,033,551,000) will expire in 1 to 10 years (2024: 1 to 5 years) under current tax legislation and the remaining tax losses have no expiry date.

(d) Deferred tax liabilities not recognised

As at 31 December 2025, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the PRC amounted to RMB15,322,433,000 (2024: RMB13,768,468,000). Deferred tax liabilities of RMB1,532,243,300 (2024: RMB1,376,846,800) have not been recognised in respect of the tax that would be payable on the distribution of the retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the closing of the year are set out below:

The Company

	Share capital RMB'000 (note 30(b))	Share premium RMB'000 (note 30(c)(i))	Shares held for various incentive plans RMB'000	Equity- settled share-based payment reserve RMB'000 (note 30(c)(iv))	Exchange reserve RMB'000 (note 30(c)(iii))	Accumulated losses RMB'000	Total equity RMB'000
1 January 2024	34,454	4,766,905	(39,029)	51,987	35,640	(567,916)	4,282,041
Total comprehensive income/(expense) for the year	-	-	-	-	33,254	(25,771)	7,483
At 31 December 2024 and 1 January 2025	34,454	4,766,905	(39,029)	51,987	68,894	(593,687)	4,289,524
Total comprehensive expense for the year	-	-	-	-	(38,192)	(1,544,522)	(1,582,714)
At 31 December 2025	34,454	4,766,905	(39,029)	51,987	30,702	(2,138,209)	2,706,810

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

	2025		2024	
	Number of shares ('000)	Amount HK\$'000	Number of shares ('000)	Amount 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.

(c) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(aa).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Reserves (Continued)

(iv) Equity-settled share-based payment reserve

Share-based payment reserve comprises the following:

- The portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments in note 1(w); and
- The portion of the grant date fair value of unreleased Management Shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments in note 1(w).

(v) Other reserves

The balance primarily comprises capital reserve surplus/deficit arising from the difference between the deemed consideration and the corresponding net assets value at the respective date of the transactions with owners in their capacity as the equity owners.

(vi) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

(vii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 1(h)).

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so 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 debts is defined as interest-bearing borrowings and lease liabilities less fixed deposits with banks with original maturity over three months, pledged bank deposits and cash and cash equivalents. Adjusted capital comprises all components of equity.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Capital management (Continued)

During 2025, the Group's strategy, which was unchanged from 2024, was 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 debts.

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

	Note	2025 RMB'000	2024 RMB'000
Current liabilities:			
Interest-bearing borrowings	25	11,744,536	11,568,152
Lease liabilities	26	11,690	6,901
Non-current liabilities:			
Interest-bearing borrowings	25	2,655,388	3,263,285
Lease liabilities	26	23,920	22,826
Total debts		14,435,534	14,861,164
Less: Pledged bank deposits	22	(6,991,681)	(10,014,072)
Cash and cash equivalents	23	(1,509,853)	(1,545,952)
Adjusted net debts		5,934,000	3,301,140
Total equity attributable to equity shareholders of the Company		14,082,294	13,951,217
Adjusted net debt-to-capital ratio		42.14%	23.66%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(e) Dividends

No dividend was paid or proposed for equity shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Categorises of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets:		
— at amortised cost	16,710,489	24,594,508
— designated at FVOCI	80,408	80,408
— at FVPL	77,176	37,788
Financial liabilities:		
— at amortised cost	28,322,031	35,033,576

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investment in other entities and movement in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to (i) trade receivables and contract assets, (ii) loans and factoring receivables, (iii) other receivables and (iv) amounts due from related parties and non-controlling shareholders of subsidiaries. The Group's exposure to credit risk arising from cash and cash equivalents, fixed deposits with banks with original maturity over three months, pledged bank deposits and bills receivable is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 33, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 33.

(i) Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0-90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in relation to trade and other receivables, with exposure spread over a number of counterparties and customers.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The Group measures loss allowances for trade receivables and contract assets at an amount which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The trade receivables balance include trade debtors, bills receivable and rental receivables.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	2025						
	Expected loss rate %	Trade receivables RMB'000	Contract assets RMB'000	Gross carrying amount RMB'000	Trade receivables – loss allowance RMB'000	Contract assets – loss allowance RMB'000	Total loss allowance RMB'000
Current or less than one year past due	2%	5,308,394	23,805	5,332,199	88,883	–	88,883
One to two years past due	48%	192,110	146	192,256	93,038	–	93,038
Two to three years past due	82%	95,421	–	95,421	78,241	–	78,241
Over three years past due	97%	897,515	32,239	929,754	897,515	1,821	899,336
		6,493,440	56,190	6,549,630	1,157,677	1,821	1,159,498

	2024						
	Expected loss rate %	Trade receivables RMB'000	Contract assets RMB'000	Gross carrying amount RMB'000	Trade receivables – loss allowance RMB'000	Contract assets – loss allowance RMB'000	Total loss allowance RMB'000
Current or less than one year past due	1%	8,663,625	146	8,663,771	103,139	–	103,139
One to two years past due	77%	131,220	–	131,220	101,071	–	101,071
Two to three years past due	49%	159,913	–	159,913	79,054	–	79,054
Over three years past due	90%	828,127	32,239	860,366	773,733	1,821	775,554
		9,782,885	32,385	9,815,270	1,056,997	1,821	1,058,818

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and bills receivable, rental receivables, and contract assets:

	Trade debtors and bills receivable RMB'000	Rental receivables RMB'000	Contract assets RMB'000	Gross amount RMB'000
Balance at 1 January 2025	112,704	944,293	1,821	1,058,818
Amounts written off during the year	(1,995)	(1,896)	–	(3,891)
Impairment losses recognised during the year (note 5(b))	8,856	95,715	–	104,571
Balance at 31 December 2025	119,565	1,038,112	1,821	1,159,498

	Trade debtors and bills receivable RMB'000	Rental receivables RMB'000	Contract assets RMB'000	Gross amount RMB'000
Balance at 1 January 2024	120,207	769,283	1,821	891,311
Amounts written off during the year	(81)	(5,876)	–	(5,957)
Impairment losses (reversed)/recognised during the year (note 5(b))	(4,364)	187,081	–	182,717
Eliminated on disposal of a subsidiary	(3,058)	(6,195)	–	(9,253)
Balance at 31 December 2024	112,704	944,293	1,821	1,058,818

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables

The Group has put in place continuous monitoring mechanism, with regular reporting of credit exposures to internal management of credit risk. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval, and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures loss allowances of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months, and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

Significant increase in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Evidence that a financial asset is credit impaired includes the following observable events:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk *(Continued)*

(ii) Loans and factoring receivables *(Continued)*

Measurement of ECL *(Continued)*

Significant increase in credit risk (Continued)

Evidence that a financial asset is credit impaired includes the following observable events:
(Continued)

- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralised loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans;
- The payment is more than 30 days past due.

Definition of "default" and "credit-impaired assets"

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets.

Qualitative criterion

The financial asset is more than 90 days past due.

The counterparty meets the criterion of "having difficulty in repayment", which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk *(Continued)*

(ii) Loans and factoring receivables *(Continued)*

Measurement of ECL *(Continued)*

Definition of "default" and "credit-impaired assets" (Continued)

Qualitative criterion (Continued)

The counterparty meets the criterion of "having difficulty in repayment", which indicates that the counterparty has significant financial difficulty, including: *(Continued)*

- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor make concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy;
- a higher discount was obtained during the acquisition of assets, and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk *(Continued)*

(ii) Loans and factoring receivables *(Continued)*

Measurement of ECL *(Continued)*

Notes to the parameters, assumptions and valuation techniques (Continued)

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the end of the reporting period and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deducted from using the maturity model. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans receivables, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty.
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identifies critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including gross domestic product, increase in RMB loans, producer price index, etc.

There have been no significant changes in the valuation techniques and key assumptions during the reporting period.

Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of reporting period is disclosed in note 33.

The credit quality of financial assets is analysed as follows:

(a) Analysed by nature

	2025 RMB'000	2024 RMB'000
Loans and factoring receivables		
Corporate loans	678,738	1,116,182
Corporate factoring	135,086	179,040
Personal business loans	11,612	28,091
Gross loans and factoring receivables	825,436	1,323,313
Accrued interest	41,883	47,430
Less: Allowances for impairment losses on loans and factoring receivables	(86,073)	(87,883)
Net loans and factoring receivables	781,246	1,282,860

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(b) Analysed by industry sector

	2025		
	Amount RMB'000	Percentage %	Loans and factoring receivables secured by collaterals RMB'000
Commodities trading	760,529	92	490,186
Others	53,295	6	53,295
Sub-total of corporate loans and factoring	813,824	98	543,481
Personal business loans	11,612	2	4,832
Gross loans and factoring receivables	825,436	100	548,313
	2024		
	Amount RMB'000	Percentage %	Loans and factoring receivables secured by collaterals RMB'000
Commodities trading	1,242,321	94	789,882
Others	52,901	4	52,901
Sub-total of corporate loans and factoring	1,295,222	98	842,783
Personal business loans	28,091	2	21,311
Gross loans and factoring receivables	1,323,313	100	864,094

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(c) Analysed by type of collateral

	2025 RMB'000	2024 RMB'000
Collateralised	548,313	864,094
Unsecured	104,564	204,124
Guarantee	172,559	255,095
Gross loans and factoring receivables	825,436	1,323,313
Accrued interest	41,883	47,430
Less: Allowances for impairment losses on loans and factoring receivables	(86,073)	(87,883)
Net loans and factoring receivables	781,246	1,282,860

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(d) Overdue loans and factoring receivables analysed by overdue period

	2025			Total RMB'000
	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	
Collateralised	1,188	2,978	58,128	62,294
As a percentage of gross loans and factoring receivables	0.14%	0.36%	7.04%	7.54%
Unsecured	–	–	13,022	13,022
As a percentage of gross loans and factoring receivables	–	–	1.58%	1.58%
Guarantee	–	–	–	–
As a percentage of gross loan and factoring receivable	–	–	–	–

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(d) Overdue loans and factoring receivables analysed by overdue period (Continued)

	2024			Total RMB'000
	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	
Collateralised	3,500	982	57,734	62,216
As a percentage of gross loans and factoring receivables	0.26%	0.07%	4.36%	4.69%
Unsecured	–	–	13,022	13,022
As a percentage of gross loans and factoring receivables	–	–	0.98%	0.98%
Guarantee	–	–	–	–
As a percentage of gross loan and factoring receivable	–	–	–	–

Overdue loans and factoring receivables represent loans or factoring, of which the whole or part of the principal or interest are overdue for one day or more.

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(e) Allowances for impairment losses

	2025			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Gross loans and factoring receivables	651,794	100,434	73,208	825,436
Accrued interest receivable	13,677	27,655	551	41,883
Less: Allowances for impairment losses	(6,160)	(9,329)	(70,584)	(86,073)
Carrying amount of loans and factoring receivables	659,311	118,760	3,175	781,246
	2024			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Gross loans and factoring receivables	1,059,659	188,416	75,238	1,323,313
Accrued interest receivable	21,106	25,401	923	47,430
Less: Allowances for impairment losses	(12,103)	(4,288)	(71,492)	(87,883)
Carrying amount of loans and factoring receivables	1,068,662	209,529	4,669	1,282,860

Notes to the Consolidated Financial Statements (continued)

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(f) Movements of allowances for impairment losses

	2025			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	12,103	4,288	71,492	87,883
(Credit)/charge for the year	(5,943)	5,041	(547)	(1,449)
Written off	–	–	(361)	(361)
As at 31 December	6,160	9,329	70,584	86,073

	2024			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	5,525	243	71,488	77,256
Charge for the year	6,578	4,045	889	11,512
Written off	–	–	(885)	(885)
As at 31 December	12,103	4,288	71,492	87,883

Notes to the Consolidated Financial Statements (continued)

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(ii) Loans and factoring receivables (Continued)

Measurement of ECL (Continued)

The credit quality of financial assets is analysed as follows: (Continued)

(g) The credit quality of financial assets is analysed as follows:

	2025 RMB'000	2024 RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months — Neither overdue nor credit-impaired	651,794	1,059,659
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses — Neither overdue nor credit-impaired	100,434	188,416
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses — Overdue and credit-impaired	73,208	75,238
Accrued interest	41,883	47,430
Less: Allowances for impairment losses	(86,073)	(87,883)
Total	781,246	1,282,860

The fair value of collaterals held against loans and factoring receivables credit-impaired as at 31 December 2025 and 2024 amounted to RMB693,528,000 and RMB1,239,267,000 respectively. The collaterals mainly include borrowers' inventories, properties or unlisted shares. The fair value of collaterals was estimated by the Group based on the market prices obtained from secondary markets, adjusted in light of disposal experience and current market conditions.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(iii) Other receivables

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The loss rates are assigned to the debtors accounts with reference to various factors, including the Group's historical credit loss experience, the number of days past due, adjusted for forward-looking factors (i.e. forecast GDP) and specific consideration (such as credit rating and reputation etc.) to the debtors and the economic environment, which may impact the debtors' ability to repay the outstanding balances in order to estimate the ECLs.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the other debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

	2025		2024	
	Gross amount RMB'000	Loss allowance RMB'000	Gross amount RMB'000	Loss allowance RMB'000
Current or less than one year past due	1,079,230	8,695	989,495	15,393
One to two years past due	111,565	19,643	222,567	28,209
Two to three years past due	20,029	8,027	63,983	20,752
Over three years past due	74,749	49,505	84,726	46,262
Other receivables	1,285,573	85,870	1,360,771	110,616

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

(iii) Other receivables (Continued)

Movements in the loss allowance account in respect of other receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	110,616	76,919
Amounts written off during the year	–	(496)
Impairment losses (reversed)/recognised during the year (note 5(b))	(24,746)	34,193
Balance at 31 December	85,870	110,616

(iv) Amounts due from related parties and non-controlling shareholders of subsidiaries

The Group determines the expected credit losses of amounts due from related parties and non-controlling shareholders of subsidiaries by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the end of the reporting period and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The Group measures the loss allowance equal to 12-month ECLs, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECLs. The assessment of whether lifetime ECLs should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

Based on the above, loss allowance of RMB29,236,000 (2024: RMB29,236,000) has been recognised for amounts due from related parties and non-controlling shareholders of subsidiaries as at 31 December 2025.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands subject to approval by the Company's management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 1(b) explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025					Total RMB'000	Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000			
Non-derivatives:							
Interest-bearing borrowings (excluding discounted bank acceptance bills)	8,289,246	406,022	2,670,939	-	11,366,207	10,584,604	
Trade and other payables (excluding receipts in advance)	12,584,071	-	-	-	12,584,071	12,584,071	
Lease liabilities	13,115	5,238	11,551	10,206	40,110	35,610	
Amounts due to related parties and non-controlling shareholders of subsidiaries	1,338,036	-	-	-	1,338,036	1,338,036	
	22,224,468	411,260	2,682,490	10,206	25,328,424	24,542,321	
Financial guarantees in issue: maximum amount (note 33)	-	-	703,454	-	703,454	-	

Notes to the Consolidated Financial Statements (continued)

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk (Continued)

	2024				Total RMB'000	Carrying amount RMB'000
	Contractual undiscouted cash outflows	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
	Within 1 year or on demand RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-derivatives:						
Interest-bearing borrowings (excluding discounted bank acceptance bills)	7,433,022	1,509,064	2,055,918	–	10,998,004	10,265,868
Trade and other payables (excluding receipts in advance)	18,678,997	–	–	–	18,678,997	18,678,997
Lease liabilities	8,186	10,640	10,488	4,289	33,603	29,727
Amounts due to related parties and non-controlling shareholders of subsidiaries	1,523,142	–	–	–	1,523,142	1,523,142
	27,643,347	1,519,704	2,066,406	4,289	31,233,746	30,497,734
Financial guarantees in issue:						
maximum amount (note 33)	–	–	762,260	–	762,260	–

Sensitivity analysis

Bank loans and loans from other financial institutions of RMB3,653,470,000 (2024: RMB3,672,719,000) were secured by the Group's certain investment properties, properties under development for sale and completed properties held for sale of RMB14,636,640,000 in aggregate as at 31 December 2025 (2024: RMB12,222,849,000). If the fair value of these pledged properties decreased by 10%, with all other variables held constant, the Group considered it has sufficient collateral to support the roll-over or refinancing of such banking facilities when they fall due. In making this sensitivity analysis, the Group has considered, among other things, the nature and the value of its overall property portfolio, including those properties that are currently not pledged.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable-rate and fixed-rate expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The interest rates and terms of repayment of interest-bearing borrowings of the Group are disclosed in note 25 to the consolidated financial statements. The Group does not carry out any hedging activities to manage its interest rate exposure.

Interest rate risk profile

The following table, as reported to management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period.

	Notional amount	
	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings:		
Lease liabilities	35,610	29,727
Interest-bearing borrowings	13,856,269	14,329,948
	13,891,879	14,359,675
Variable-rate borrowings:		
Interest-bearing borrowings	543,655	501,489
Total borrowings	14,435,534	14,861,164
Fixed-rate borrowings as a percentage of total borrowings	96%	97%

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk *(Continued)*

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and decrease/increase retained profits by approximately RMB2,039,000 (2024: RMB1,881,000) in response to the general increase/decrease in interest rates, which has not taken into account of interest capitalisation to property for sale.

For the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit/loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2024.

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Management does not expect that there will be any significant currency risk for the Group for the years ended 31 December 2025 and 2024.

(e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments classified as financial assets at FVPL (see note 18) and unlisted equity investments classified as equity investments at FVOCI (see note 17).

The Group's listed investments are listed on The Stock Exchange of Hong Kong Limited. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market index as well as the Group's liquidity needs.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(e) Equity price risk (Continued)

At 31 December 2024 and 2025, it is estimated that an increase/(decrease) of 10% in the relevant stock market index (for listed investments) as applicable, with all other variables held constant, would have increased/(decreased) the Group's profit after tax and increased/(decreased) retained profits as follows:

	2025			2024		
	%	Effect on profit after tax RMB'000	Effect on retained profits RMB'000	%	Effect on profit after tax RMB'000	Effect on retained profits RMB'000
Relevant equity price:						
— Increased by	10%	160	160	10%	547	547
— Decrease by	(10%)	(160)	(160)	(10%)	(547)	(547)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2024.

(f) Fair value measurement

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuation: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuation: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which markets data are not available
- Level 3 valuation: Fair value measured using significant unobservable inputs

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(f) Fair value measurement (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into			Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement								
Assets:								
— Listed equity securities	1,601	1,601	-	-	5,473	5,473	-	-
— Wealth management products and trust products	15,000	-	15,000	-	10,000	-	10,000	-
— Forward contracts	60,575	60,575	-	-	22,315	22,315	-	-
— Equity investment at FVOCI	80,408	-	-	80,408	80,408	-	80,408	-

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation Techniques and key inputs
	31 December 2025 RMB'000	31 December 2024 RMB'000		
Listed equity securities	Assets 1,601	Assets 5,473	Level 1	Quoted bid prices in an active market.
Wealth management product and trust products	Assets 15,000	Assets 10,000	Level 2	Discounting the estimated future cash flows at risky rate, which is the benchmark interest rate plus the risk premium as at the end of the reporting period.
Forward contracts	Assets 60,575	Assets 22,315	Level 1	Quoted bid prices in an active market.
Equity investment at FVOCI	Assets 80,408	Assets 80,408	Level 3 (2024: Level 2)	Market approach (2024: Determined by the directors of the Company with reference to recent transaction price completed near to the year end).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the year ended 31 December 2025, transfer from Level 2 to Level 3 was due to change of valuation technique (2024: no transfers between Level 1, Level 2 or level 3).

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (continued)

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31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(f) Fair value measurement (Continued)

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Equity investment at FVOCI	Market approach	Discount for lack of marketability	29.82%

The fair value of unlisted equity securities is determined using the price/earning ratios of comparable listed companies adjusted for discount for lack of marketability. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 10% would have increased/decreased the group's other comprehensive income by RMB11,451,000.

The movements during the period in the balance of Level 3 fair value measurement is as follows:

	2025 RMB'000
At 1 January	–
Transfers from Level 2 to Level 3	80,408
At 31 December	80,408
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–

Any gain or loss arising from the remeasurement of the group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

The gains arising from the remeasurement of the conversion option embedded in the convertible notes are presented in the "Other net income" line item in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

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32 COMMITMENTS

	2025 RMB'000	2024 RMB'000
Contracted but not provided for in the consolidated financial statements:		
— Capital expenditure in respect of investment properties under development	92,884	91,491
— Expenditure in respect of properties under development for sale	137,793	229,408
	230,677	320,899

33 GUARANTEES

	2025 RMB'000	2024 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (note (a))	156,474	82,775
Guarantees given to Tongshang (note (b))	394,680	396,680
Other guarantees (note (c))	152,300	282,805
Total maximum guarantees issued	703,454	762,260

Notes:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is 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.

The directors of the Company consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

- (b) The Group provided guarantees in respect of loan granted by China CITIC Financial Asset Management Co., Ltd. to Hubei Tongshang Construction Group Co., Ltd. ("Tongshang"). Pursuant to the terms of the guarantees, certain investment properties and completed properties held for sale with a carrying amount of RMB177,193,000 and RMB3,514,000 (2024: RMB163,323,000 and RMB3,514,000) respectively were pledged as security to the bank.

The Group's guarantee period commences from the grant date of the loan and ends of the full settlement of the loans by Tongshang.

The directors of the Group consider that it is not probable that the Group will sustain a loss under these guarantees as Tongshang is able to reply to the loan.

- (c) For other financial guarantees, the aggregate amount of outstanding financial guarantees that the Group could be required to pay amounted to RMB152,300,000 as at 31 December 2025 (2024: RMB282,805,000). At the end of the reporting period, management has performed impairment assessment by measuring the loss allowance for financial guarantee contracts issued by the Group at an amount equal to 12-month ECL, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, no loss allowance was recognised in the profit or loss as the ECL is assessed to be insignificant.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

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34 MATERIAL RELATED PARTY TRANSACTIONS

Ultimate Controlling Party refer to Mr. Yan Zhi, who is the chairman, co-chief executive officer and an executive director of the Group. Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8 is as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries and other benefits	12,763	12,798
Contributions to defined benefit retirement plans	753	643
	13,516	13,441

The above remuneration to key management personnel is included in "staff costs" (note 5(c)).

(b) Other transactions with related parties and non-controlling shareholders of subsidiaries

	2025 RMB'000	2024 RMB'000
(i) Advances from related parties and non-controlling shareholders of subsidiaries during the year		
— Associates	1,926	232,590
— Joint ventures	1,927	253,312
— Entities controlled by Ultimate Controlling Party	8,702	17,897
— Entities over which Ultimate Controlling Party has significant influence	1,000	11,500
— Key management personnel	27	210
— Entities controlled by non-controlling shareholders of subsidiaries	2	—
(ii) Repayments to related parties and non-controlling shareholders of subsidiaries during the year		
— Associates	215,591	17,000
— Entities controlled by Ultimate Controlling Party	12,780	2,908
— Entities over which Ultimate Controlling Party has significant influence	—	407
— Key management personnel	54	209
— Entities controlled by non-controlling shareholders of subsidiaries	2	—

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34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties and non-controlling shareholders of subsidiaries (Continued)

	2025 RMB'000	2024 RMB'000
(iii) Advances to related parties and non-controlling shareholders of subsidiaries during the year		
— Associates	23,102	7,049
— Joint ventures	298,370	349,539
— Entities controlled by Ultimate Controlling Party	5,027	3,817
— Key management personnel	139	1,468
— Entities over which Ultimate Controlling Party has significant influence	88	3,089
(iv) Repayments from related parties and non-controlling shareholders of subsidiaries during the year		
— Associates	36,087	3,710
— Joint ventures	434,403	234,456
— Entities controlled by Ultimate Controlling Party	146	–
— Key management personnel	1,507	4
— Entities over which Ultimate Controlling Party has significant influence	13,820	3,588
(v) Rental income from		
— Entities over which Ultimate Controlling Party has significant Influence	2,071	1,169
— Entities controlled by Ultimate Controlling Party	4,415	4,057
(vi) Deposits placed in		
— A bank over which Ultimate Controlling Party has significant influence	4,957,103	8,092,546
Deposits withdrawn from		
— A bank over which Ultimate Controlling Party has significant influence	(4,944,098)	(8,158,797)

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34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties and non-controlling shareholders of subsidiaries (Continued)

	2025 RMB'000	2024 RMB'000
(vii) Sales of commodities to related parties and non-controlling shareholders of subsidiaries		
— Associates	82,933	58,644
— Joint ventures	—	19,215
— Entities controlled by Ultimate Controlling Party	179	1
— Non-controlling shareholders of subsidiaries	13,887	—
— Entities controlled by non-controlling shareholders of subsidiaries	5	—
(viii) Purchase of commodities from related parties and non-controlling shareholders of subsidiaries		
— Associates	4,041,548	1,934,499
— Joint ventures	—	48,223
— Entities controlled by Ultimate Controlling Party	14,260	362
— Non-controlling shareholders of subsidiaries	45,243	—
(ix) Interest income received from related parties		
— Joint ventures	1,507	1,945

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Other balances with related parties and non-controlling shareholders of subsidiaries

	2025 RMB'000	2024 RMB'000
Trade and other receivables (note 21(b))		
— Associates (note (i))	87,564	96,493
— Joint ventures (note (ii))	259,166	389,318
— Entities over which Ultimate Controlling Party has significant influence	—	13,731
— Entities controlled by non-controlling interests of subsidiaries	5,000	4,386
— Non-controlling shareholders of subsidiaries	135	—
Cash and cash equivalents (note 23)		
— Entities over which Ultimate Controlling Party has significant influence	54,866	23,379
Interest-bearing borrowings (note 25)		
— Entities controlled by Ultimate Controlling Party	20,000	20,000

Notes:

- (i) As at 31 December 2025, loans advanced to associates bear interest of 2% (2024: 2%) per annum and are secured by certain agriculture products.
- (ii) As at 31 December 2025, loans advanced to joint ventures of RMB259,166,000 (2024: RMB386,680,000) bear interest of 8.4% (2024: 8.4%) per annum, and the remaining balance is interest free.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Amounts due from related parties and non-controlling shareholders of subsidiaries

	2025 RMB'000	2024 RMB'000
Amounts due from related parties and non-controlling shareholders of subsidiaries		
— Associates	208,811	222,509
— Joint ventures	292,762	438,946
— Non-controlling shareholders of subsidiaries	21,567	1,000
— Entities controlled by Ultimate Controlling Party	45,852	40,663
— Key management personnel	2,474	4,144
— Entities controlled by non-controlling shareholders of subsidiaries	7,499	7,499
— Entities over which Ultimate Controlling Party has significant influence	841	14,666
— Ultimate Controlling Party	100	100
	579,906	729,527

Amounts due from related parties and non-controlling shareholders of subsidiaries are unsecured and repayable on demand. As at 31 December 2025, amount due from an associate of RMB208,811,000 (2024: RMB222,509,000) bears interest at 8.40% (2024: 8.40%) per annum. All the other amounts due from related parties and non-controlling shareholders of subsidiaries as at 31 December 2025 and 2024 are interest-free.

(e) Amounts due to related parties and non-controlling shareholders of subsidiaries

	2025 RMB'000	2024 RMB'000
Amounts due to related parties and non-controlling shareholders of subsidiaries		
— Associates	18,223	216,066
— Joint ventures	797,308	806,221
— Non-controlling shareholders of subsidiaries	20,452	481
— Entities controlled by Ultimate Controlling Party	482,369	479,213
— Ultimate Controlling Party	3,901	3,900
— Key management personnel	200	226
— Entities over which Ultimate Controlling Party has significant influence	15,583	17,035
	1,338,036	1,523,142

All the amounts due to related parties and non-controlling shareholders of subsidiaries as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

35 DISPOSAL OF SUBSIDIARIES

(a) For the year ended 31 December 2024

On 19 November 2024, the Group has completed the disposal of 100% equity interest in 卓爾發展(荊州)有限公司 (“Jingzhou Development”) to an independent third party at a consideration of RMB188,000,000,000. The Group has recognised a net gain of RMB16,364,000 from the above disposal, which is calculated as follows:

	RMB'000
Net assets disposed of:	
Investment properties	290,937
Property, plant and equipment	3,947
Deferred tax assets	8,814
Inventories	487,384
Trade and other receivables	1,543
Cash and cash equivalents	137
Trade and other payables	(509,308)
Contract liabilities	(1,757)
Current taxation	(20,475)
Lease liabilities	(1,180)
Interest-bearing borrowings	(69,271)
Deferred tax liabilities	(19,135)
	171,636
Gain on disposal of a subsidiary:	
Cash received	188,000
Net assets disposed of	(171,636)
	16,364
Net cash inflows from disposal:	
Cash consideration	188,000
Less: cash and cash equivalents disposed of	(137)
	187,863

Notes to the Consolidated Financial Statements (continued)

(Expressed in Renminbi unless otherwise indicated)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Interests in subsidiaries	14	1,636,281	3,170,515
Property, plant and equipment		791	1,086
Amounts due from subsidiaries		2,069,051	1,372,890
		3,706,123	4,544,491
Current assets			
Other receivables and prepayments		518,479	570,831
Cash and cash equivalents		338	94
		518,817	570,925
Current liabilities			
Other payables		1,517,256	825,006
Lease liabilities		696	886
		1,517,952	825,892
Net current liabilities		(999,135)	(254,967)
Total assets less current liabilities		2,706,988	4,289,524
Non-current liabilities			
Lease liabilities		178	–
NET ASSETS		2,706,810	4,289,524
CAPITAL AND RESERVES			
Share capital	30	34,454	34,454
Reserves		2,672,356	4,255,070
TOTAL EQUITY		2,706,810	4,289,524

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2025, the directors of the Company consider the Immediate Parent and Ultimate Controlling Party of the Group to be Zall Development Investment Company Limited (“Zall Development Investment”), which is incorporated in the BVI, and Mr. Yan Zhi, respectively. Zall Development Investment does not produce financial statements available for public use.

Major Properties Information

As at 31 December 2025

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR PROPERTIES UNDER DEVELOPMENT

	Project	Location	Expected date of completion	Intended use	Site area (sq.m.)	Gross Floor Area (sq.m.)	Group's interest (%)	Completion percentage
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	December-2026	Commercial	200,386	219,081	100%	2% – 95%
2	No. 1 Enterprise Community (Phase IV)	Te No. 1 Chutian Road, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	December-2026	Commercial	394,882	618,883	100%	5%

Major Properties Information (continued)

As at 31 December 2025

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR COMPLETED PROPERTIES HELD FOR SALE

	Project	Location	Existing use	Gross Floor Area (sq.m.)	Group's interest (%)
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Shops	289,208	100%
2	Portion of North Hankou International Trade Center – Automobile Big World	Liudian and Shekou Villages, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Shops	20,003	100%
3	Portion of No. 1 Enterprise Community (Phase I, II & III)	Te No. 1 Chutian Road, Panlongcheng Economics Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Office	39,612	100%
4	Zall Life City – Hupan Haoting Residences (Phase I & II)	Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Residential	65,214	100%

Major Properties Information (continued)

As at 31 December 2025

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR PROPERTIES HELD FOR INVESTMENT

Project	Location	Existing/ intended use	Stage of completion	Lease Term of land	Approximate gross floor area (sq.m.)	Group's interest (%)	
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Commercial	Completed	Medium	1,637,323	100%
2	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Commercial	Under development	Medium	34,282	100%
3	Portion of North Hankou International Trade Center – Automobile Big World	Liudian and Shekou Villages, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Commercial	Completed	Medium	217,762	100%
4	North Hankou Logistics Center	Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Logistics	Completed	Medium	43,219	100%
5	Portion of No. 1 Building Portion of No. 1 Enterprise Community	Te No. 1 Chutian Road, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Office	Completed	Medium	97,603	100%
6	Portion of Commercial Street of No. 1 Enterprise Community	No. 18 Julong Road, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Office	Completed	Medium	9,315	100%

Major Properties Information (continued)

As at 31 December 2025

Project	Location	Existing/ intended use	Stage of completion	Lease Term of land	Approximate gross floor area (sq.m.)	Group's interest (%)	
7	Enterprise Life Center, of No. 1 Enterprise Community	No. 18 Julong Road, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Office	Completed	Medium	35,128	100%
8	Portion of No. 3 Warehouse Centre	Liudian and Shekou Village, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan City, Hubei Province, the PRC	Logistics	Completed	Medium	132,656	100%
9	H land plots	Liudian and Shekou Villages, Panlongcheng Economics and Technology Development Zone, Huangpi District, Wuhan City, Hubei Province, the PRC	Commercial	Under development	Medium	119,054	100%
10	Portion of commercial stores of Zall Life	Te No. 1 Chutian Road, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan City, Hubei Province, PRC	Commercial	Completed	Medium	11,260	100%

Financial Summary

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Result					
Revenue	155,029,341	162,359,281	125,290,479	110,906,215	104,551,813
Gross Profit	585,652	698,971	846,638	587,425	885,755
Net valuation gain/(loss) on investment properties	1,060,892	629,380	470,456	(933,998)	(240,711)
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	147,449	128,953	50,915	(3,040,264)	(1,326,854)
Non-controlling interests	(45,818)	(35,592)	14,761	59,073	(123,272)
Profit/(loss) for the year	101,631	93,361	65,676	(2,981,191)	(1,450,126)
Financial position					
Total assets	61,726,351	69,484,756	63,778,674	60,359,070	59,275,001
Total liabilities	47,320,782	55,141,803	49,571,989	46,210,964	42,495,660
Non-controlling interests	323,275	391,736	402,424	396,048	324,618
Total equity attributable to equity shareholders of the Company	14,082,294	13,951,217	13,804,261	13,752,058	16,454,723
Total Equity	14,405,569	14,342,953	14,206,685	14,148,106	16,779,341