# HC GROUP INC.
# 慧聰集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 02280)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025 AND CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

## HIGHLIGHTS

**Total revenue** from continuing operations was approximately **RMB6,013.0 million**, increased by approximately RMB108.3 million, or approximately 1.8%, compared to approximately RMB5,904.7 million recorded for the corresponding period in 2024.

**Adjusted profit*** was approximately **RMB19.2 million**, compared to an adjusted loss of approximately RMB0.7 million in the first half of 2024.

**Adjusted EBITDA*** was approximately **RMB28.2 million**, compared to approximately RMB10.7 million in the first half year of 2024.

**Loss attributable to equity holders of the Company from continuing operations** was approximately RMB22.7 million, compared to approximately RMB55.3 million for the corresponding period in 2024.

**Diluted loss per share from continuing operations** was RMB0.0174, when compared to RMB0.0422 for the corresponding period in 2024, on a period-on-period basis.

## UNAUDITED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of HC Group Inc. (the "**Company**") announces the unaudited financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2025 (the "**Period**"), together with the comparative figures for the corresponding period ended 30 June 2024.

* Adjusted profit/loss and EBITDA are non-HKFRS financial measures. For details, please refer to page 32 in this announcement.

## UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2025*

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

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

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

## UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

*AS AT 30 JUNE 2025*

| | *Notes* | **Unaudited 30 June 2025** ***RMB'000*** | Audited 31 December 2024 *RMB'000* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **20,195** | 19,795 |
| Right-of-use assets | | **11,349** | 14,285 |
| Investment property | | **21,942** | 22,523 |
| Intangible assets | | **93,918** | 98,129 |
| Deferred income tax assets | | **1,675** | 1,506 |
| Investments accounted for using equity method | | **32,084** | 149,864 |
| Financial assets at fair value through other comprehensive income | | **106,913** | 15,176 |
| Long term deposits and prepayments | *9* | **11,055** | 10,005 |
| **Total non-current assets** | | **299,131** | 331,283 |
| **Current assets** | | | |
| Inventories | | **102,096** | 115,622 |
| Contract assets | | **4,878** | 1,678 |
| Trade receivables | *9* | **173,586** | 127,510 |
| Deposits, prepayments and other receivables | *9* | **824,847** | 793,957 |
| Loans and interest receivables | | **2,249** | 2,194 |
| Restricted bank deposit | | **252,699** | 224,499 |
| Cash and cash equivalents | | **312,910** | 279,037 |
| **Total current assets** | | **1,673,265** | 1,544,497 |
| **Total assets** | | **1,972,396** | 1,875,780 |

| | Notes | **Unaudited 30 June 2025** *RMB'000* | Audited 31 December 2024 *RMB'000* |
|---|---|---|---|
| **Equity** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | | **120,977** | 120,977 |
| Other reserves | | **3,275,053** | 3,271,388 |
| Accumulated losses | | **(3,165,854)** | (3,131,944) |
| | | **230,176** | 260,421 |
| Non-controlling interests | | **333,441** | 325,320 |
| **Total equity** | | **563,617** | 585,741 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | | **5,920** | 8,737 |
| Deferred income tax liabilities | | **1,647** | 1,602 |
| Other financial liabilities | | **96,018** | 92,423 |
| **Total non-current liabilities** | | **103,585** | 102,762 |
| **Current liabilities** | | | |
| Trade payables and bill payables | *11* | **263,267** | 276,178 |
| Accrued expenses and other payables | *11* | **124,907** | 120,849 |
| Contract liabilities | | **278,262** | 241,416 |
| Bank borrowings | *12* | **230,517** | 175,848 |
| Other borrowings | *12* | **292,737** | 261,632 |
| Lease liabilities | | **6,182** | 6,675 |
| Income tax payables | | **18,550** | 18,863 |
| Other financial liabilities | | **90,772** | 85,816 |
| **Total current liabilities** | | **1,305,194** | 1,187,277 |
| **Total liabilities** | | **1,408,779** | 1,290,039 |
| **Total equity and liabilities** | | **1,972,396** | 1,875,780 |

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

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

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

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

– Trading of goods through its B2B trading platforms, including "www.unioncotton.com" ("**Union Cotton**");

– Provision of advertising and online services and offering comprehensive IT-related products information through its website "www.zol.com.cn" ("**ZOL**");

– Sales and provision of anti-counterfeiting products and digital identity technology and solution services through Panpass; and

– Hosting marketing events, exhibitions and seminars.

*Note:*

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

Following the completion of the transaction, the Group's equity interest in Chongqing Digital China Huicong Micro-credit Co., Ltd. ("**Chongqing Micro-credit**") decreased from 70% to 40%, and the Group no longer controlled Chongqing Micro-credit but continued to exercise significant influence over Chongqing Micro-credit. As a result, with effect from the Completion Date, Chongqing Micro-credit ceased to be a subsidiary and has then been accounted for as investment in associates in the condensed consolidated financial statements using the equity method of accounting. For details, please refer to Note 10.

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

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

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

## 2 BASIS OF PREPARATION

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

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

## 3 ACCOUNTING POLICIES

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

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

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

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

| | |
|---|---|
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability |

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

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

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

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

(1) Effective for the Group for annual period beginning on 1 January 2026
(2) Effective for the Group for annual period beginning on 1 January 2027
(3) Effective date to be determined

## 4 SEGMENT INFORMATION

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

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

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

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

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

Financial information relating to the discontinued operations is set out in Note 6.

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

(i) Technology-driven new retail segment, which mainly includes provision of online advertising services through ZOL as well as trading business of electronics products through its trading platform.

(ii) Smart industries segment, which mainly includes B2B trading through Union Cotton, sale and provision of anti-counterfeiting products and digital identity technology and solution services under Panpass and other marketing services.

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

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

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

***Disaggregation of revenue***

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

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

## 5 INCOME TAX EXPENSE

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

## 6 LOSS FROM DISCONTINUED OPERATIONS

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

*Note:*

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

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

**(i) Financial performance and cash flow information**

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

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

## 7 LOSS PER SHARE

### (a) Basic loss per share

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

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

### (b) Diluted loss per share

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

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

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

## 8 DIVIDENDS

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

## 9 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

### (a) Trade receivables

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

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

*Note:*

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

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

The carrying amounts of trade receivables approximate their fair values.

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

**(b) Deposits, prepayments and other receivables**

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

*Notes:*

(a) At 30 June 2025 and 31 December 2024, the amount mainly represented prepayment to suppliers for B2B trading platform business. In the Group's ordinary trading operations and in line with the general practices in the industry, the Group routinely prepays upstream suppliers for certain goods and products needed to fulfill orders from the Group's downstream customers. The prepayment to suppliers for B2B trading platforms business is expected to be utilised within the next reporting period.

(b) As at 31 December 2024, the Group was engaged in an arbitration proceeding relating to the unreceived balance of RMB75,500,000 ("**the Balance**") arising from the disposal of the Group's equity interest in Tianjin Guokai to an independent third party ("**the Buyer**"). On 16 April 2025, the arbitration ruled that the Buyer should pay RMB66,808,000 for the outstanding balance, net of expenses and tax.

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

## 10 DISPOSAL OF HUICONG HULIAN DISPOSAL GROUP

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

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

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

*Note:*

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

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

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

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

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

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

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

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

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

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

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

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

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

## 11 TRADE PAYABLES AND BILL PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

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

*Note:*

(a) Trade payables and bill payables

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

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

## 12 BORROWINGS

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

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

*Notes:*

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

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

(i) bank borrowing of RMB9,000,000 which was guaranteed by a subsidiary of the Group and secured by a property (31 December 2024: RMB16,970,000); and

(ii) bank borrowing of RMB10,000,000 which were guaranteed by certain independent third party of the Group and secured by an Executive Director of the Group (31 December 2024: Same); and

The remaining bank borrowings are unsecured and mainly included:

(i) bank borrowings of RMB109,881,000 which were guaranteed by subsidiaries of the Group (31 December 2024: RMB91,750,000); and

(ii) bank borrowings of RMB10,000,000 which were guaranteed by an independent third party and a key management of a subsidiary(31 December 2024: RMB9,828,000); and

(iii) bank borrowings of RMB36,960,000 which were guaranteed by subsidiaries of the Group and the Executive Directors of the subsidiary (31 December 2024: RMB19,000,000); and

(iv) bank borrowing of RMB55,500,000 (31 December 2024: RMB28,200,000) which were unguaranteed.

(b) As at 30 June 2025, other borrowings of approximately RMB62,600,000 bear interest rate ranging from 5% to 8% per annum (31 December 2024: same) and will mature in coming twelve months (31 December 2024: RMB31,500,000).

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

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

The remaining other borrowings are unsecured and mainly included:

(i) other borrowing of RMB20,000,000 provided by an independent third party which was guaranteed by a subsidiary of the Group (31 December 2024: same); and

(ii) other borrowings of RMB3,500,000 provided by a non-controlling shareholder and certain key management personnels of subsidiaries of the Group (31 December 2024: same); and

(iii) other borrowing of RMB2,700,000 provided by a senior management personnel of the Group (31 December 2024: Nil); and

(iv) other borrowings of RMB15,500,000 provided by independent third parties (31 December 2024: RMB8,000,000).

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

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

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

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

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

## BUSINESS REVIEW

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

### Technology-Driven New Retail Segment

#### *ZOL*

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

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

– By analysing user behavior trends, ZOL has updated and iterated the ZOL APP, shifting user interaction from "text-based communication" to "immersive scenario co-creation." This has significantly optimized and enhanced automotive self-driving scenario tools, created a roadbook sharing and discussion platform, and established the first real-time sharing and discussion community for self-driving travel routes, precisely targeting the automotive self-driving audience. Based on the above, ZOL has also enhanced the content related to the automotive product line, improved the information in the automotive product database, and added a new function for dealer quotations, thereby establishing a direct communication platform for users, dealers, and brands.

– Increasing its solid customer base. Through its commitment to platform innovation and creative transformation, ZOL has seen a steady increase in its core customer base, with high customer retention rates among major customers and a significant number of core customers providing long-term support. In the large-scale commercial projects initiated by ZOL, there are often more than 20 customers deeply involved. Through one-on-one personalized services, ZOL identifies customer needs, providing high-quality services, and earning long-term trust from its customers.

– Creative marketing is becoming more youthful, and industry events are becoming more professional. ZOL is expanding into new business areas, collaborating with BilibiliWorld and ChinaJoy to create a comprehensive commercial event that seamlessly blends anime/manga culture and technology. This initiative helps brands precisely target anime/manga and gaming communities, innovate marketing collaboration models, and make 3C digital products more appealing to younger audiences. Additionally, through the renewed cooperation with the Ratings Points (瑞物評測室), ZOL has organized the "2nd Health Display Conference" (《第二屆健康顯示大會》), an industry conference that enhances its influence within the home appliance display sector.

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

**Smart Industries Segment**

***PanPass***

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

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

***Union Cotton***

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

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

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

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

**Prospects**

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

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

**Liquidity and financial resources**

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

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

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

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

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

**Treasury policy**

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

**Significant investments and future plans for material investments**

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

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

**Staff**

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

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

### Capital structure

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

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

### Charges on Group assets

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

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

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

### Exchange risk

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

### Contingent liabilities

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

## DIVIDEND

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

## OTHER IMPORTANT EVENTS

### PanPass' withdrawal of its listing application

During the Period, PanPass resolved to terminate its original proposed public offering of shares and listing application on the Beijing Stock Exchange after having considered various factors including its overall development strategy and the macro environment of capital market in Chinese Mainland. Such move is not expected to create material adverse impact on PanPass's ordinary business operation. See also the Company's announcements dated 26 May 2025 and 24 June 2025.

### Disposal of Tianjin Guokai

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

## DIRECTORS' SECURITIES TRANSACTIONS

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

## AUDIT COMMITTEE

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that they, and to the best of their information, their respective close associates (as defined in the Listing Rules) did not have any business or interest in any company that materially competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Period.

## RECONCILIATION OF NON-HKFRS MEASURES TO THE NEAREST HKFRS MEASURES

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

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

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

* Earning before interest, taxes, depreciation and amortisation.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

## CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

With effect from 22 August 2025, Ms. Qi Yan (an independent non-executive Director) has been appointed as a member of the Company's nomination committee. Biography of Ms. Qi is set out in the Company's 2024 annual report. The Company believes that the above change could further strengthen the diversity of the nomination committee and the level of corporate governance practice of the Company as a whole.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

By order of the Board
**HC Group Inc.**
**Liu Jun**
*Chairman and Chief Executive Officer*

Hong Kong, 22 August 2025

*As at the date of this announcement, the Board comprises:*

*Mr. Liu Jun (Chairman, Executive Director and Chief Executive Officer)*
*Mr. Zhang Yonghong (Executive Director)*
*Mr. Liu Xiaodong (Executive Director and President)*
*Mr. Guo Fansheng (Non-executive Director)*
*Mr. Lin Dewei (Non-executive Director)*
*Mr. Xing Jingfeng (Non-executive Director)*
*Mr. Zhang Ke (Independent non-executive Director)*
*Mr. Zhang Tim Tianwei (Independent non-executive Director)*
*Ms. Qi Yan (Independent non-executive Director)*

*Certain figures in this announcement have been subject to rounding adjustments.*

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