



**SHANGHAI JIAODA WITHUB
INFORMATION INDUSTRIAL COMPANY LIMITED***

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 8205



2025
Annual Report

**for identification purpose only*

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This report for which the directors (the “Directors”) of Shanghai Jiaoda Withub Information Industrial Company Limited* (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rule Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Profile and Highlights

CORPORATE PROFILE

上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) founded on 4 May 1998. It is an incorporated joint stock company jointly invested by Shanghai Jiaotong University, Shanghai Technology Venture Capital Company Limited, Shanghai Xin Xuhui (Group) Co., Ltd.. On July 2002, the Company was listed on the GEM of Hong Kong. The Company encompasses technology research, production and operation together. It is mainly engaged in computer network and internet security integration, application software development, building intelligent system integration as well as IT products sales agent, etc.

The Company relies on the rich resources provided by Shanghai Jiaotong University, for example, transformation of scientific and technological achievements in high school, nurture and hatch high technology enterprise, high-tech park construction and services, etc.. Currently, the business of the Company covers fields such as government, the court, police, high school and enterprise. The Company treats the demands from society as the pursuit of own business development. The Company strictly follows the base of system innovation, operation innovation as the guide, technological innovation as back-up. Its enterprise strategies are combining production, study, research as the model. It emphasizes to talents' training, brand building, customer cultivation and market development. It keeps stable, healthy and fast growing in economic efficiency.

The Company takes advantages of the rich resources of Shanghai Jiaotong University in scientific research. It treats the demands from society as the pursuit of business development in depth. The Company strictly follows the base of system innovation, operation innovation as the guide, technological innovation as back-up. Its enterprise strategies are combining production, study and research as the model. It emphasizes talents' training, brand building, customer cultivation and market development. It keeps stable, healthy and fast growing in economic efficiency.

HIGHLIGHTS

For the year ended 31 December 2025,

- turnover of the Group amounted to RMB75,472,226.94 (2024: approximately RMB56,471,731.84) which represented an increase of 33.65%;
- the loss attributable to owners of the Company was approximately RMB9,420,784.29 (2024: loss of approximately RMB2,688,988.48);
- the Directors do not recommend the payment of a final dividend (2024: Nil).



Corporate Information

Executive Directors

Mr. Zhang Xiaobo (*Chairman and Chief Executive*)
Mr. Li Yan (*Vice Chairman*)
Mr. Ma Renchao
Ms. Pan Mengran
Mr. Sun Jingchen
Mr. Lu Taiyi

Independent Non-executive Directors

Mr. Yuan Shumin
Mr. Liu Feng
Ms. Li Jing

Supervisors

Mr. Qin Yanming (*Chairman*)
Ms. Feng Liping
Ms. Huang Peirong
Ms. Sun Guofang
Mr. Yang Binghua

Company Secretary

Ms. Ho Wing Yan *ACG HKACG (PE)*

Audit Committee

Mr. Yuan Shumin (*Chairman*)
Mr. Liu Feng
Ms. Li Jing

Remuneration Committee

Mr. Yuan Shumin (*Chairman*)
Mr. Zhang Xiaobo
Mr. Liu Feng
Ms. Li Jing

Nomination Committee

Mr. Zhang Xiaobo (*Chairman*)
Mr. Yuan Shumin
Mr. Liu Feng
Ms. Li Jing

Legal Address

2nd Floor, Block 7
471 Gui Ping Road
Shanghai
The PRC

Principal Place of Business in Hong Kong

Suite 2703, 27/F
Shui On Centre
Nos. 6-8 Harbour Road
Wanchai, Hong Kong

Principal Place of Business in the PRC

Building A, Shanghai Jiaoda Withub Information Park
No. 951 Panyu Road
Shanghai
The PRC

Authorised Representatives

Mr. Zhang Xiaobo
Ms. Ho Wing Yan

Principal Bankers

China Merchants Bank
China CITIC Bank
Industrial and Commercial Bank
Construction Bank

Auditor

ShineWing Certified Public Accountants
(*Special General Partnership*)
9/F., Block A, Fu Hua Mansion
No. 8, Chao Yang Men Bei Da Jie
Dong Cheng District
Beijing, the PRC

Hong Kong Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Stock Code

8205

Company Website

www.withub.com.cn

Chairman's Statement

To All Shareholders,

On behalf of the board (the “Board”) of the directors (the “Directors”) of 上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) (the “Company”), I announce the results review of the Company and its subsidiaries (collectively referred to as the “Group”) for the prior year, and would also like to take this opportunity to introduce the business plan of the Company and development direction which the Company will focus on the coming financial year.

To cope with the future challenge and sustainable development, the Company will continue to actively transform and expand its operating direction based on the objectives and plans set up in 2025. For business, the major direction is to continue concentrating on operation which can bring going concern to develop software development and system integration business, continuously push forward the commercialization process with vigorous effort in software department, and continuously push forward the expansion of system integration business department in intellect zone solutions industry; for management, along with the on-going business development, the operating management of various aspects will be further enhanced and improved and the process control will be strengthened in operations department.

In the future, the Company will continue to strengthen the core competitiveness, exert greater efforts in highlighted businesses, effectively seek new business areas, further formulate feasibility plan, organize to implement, the Company will effectively formulate assessment and revenue allocation system that is favourable for attracting and retaining high-calibre personnel and enhance the corporate competitiveness as a result. The Company will also continue to concentrate on the corporate culture establishment and build an environment for active development and innovative creation. It will remain positive in its perception to build up a harmonious enterprise.

Last but not least, I would like to express my gratitude to our customers and shareholders for their steadfast support and trust and also thank the Directors, senior management and staff for their unremitting efforts and contribution.

By order of the Board

Zhang Xiaobo

Chairman

Shanghai, the PRC, 27 March 2026



Management Discussion and Analysis

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2025.

RESULTS

For the year ended 31 December 2025, the Group recorded a turnover of approximately RMB75,472,226.94 (2024: approximately RMB56,471,731.84), representing an increase of RMB19,000,495.10 or 33.65% as compared to last year. The Group recorded a loss of RMB9,420,784.29 for the year ended 31 December 2025, while a loss for the year ended 31 December 2024 was RMB2,688,988.48.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the entire financial year under review ended 31 December 2025, the total revenue of the Group increased from RMB56,471,731.84 to RMB75,472,226.94. The increase of RMB19,000,495.10 in revenue represents an increase of 33.65% of the Group's total revenue as compared with that for 2024. The Group recorded a loss before tax of RMB2,669,975.00 for the previous year and a loss before tax of RMB9,420,784.29 during the year.

Revenue of the main business was mainly generated from business solutions and application software business, which accounted for 72.49% of the total operating income (or RMB54,713,332.05), and, to a lesser extent, from installation and maintenance of network and data security products, which accounted for 24.06% of the total operating income (or RMB18,155,903.57), followed by sales of electrical products and fittings which accounted for 2.92% of the total operating income (or RMB2,207,266.57). These business segments remain the core services and products for the Company in the past and also for the future.

Revenue of business application solutions and application software increased by RMB20,473,504.99 from RMB34,239,827.06 for the previous year, representing an increase of 59.79%. The increase was mainly due to mainly due to the completion of major projects during the year, which led to a significant increase in progress payments for construction projects.

Revenue from the installation and maintenance of network and data security products decreased by RMB2,097,261.71 from the previous year of RMB20,253,165.28, representing a decrease of 10.36%. The increase was mainly due to an decrease of maintenance projects as compared with the prior year.

Revenue of sales of electronic products and accessories increased by RMB965,019.94 from RMB1,242,246.63 for the previous year, representing a increase of 77.68%. The increase was mainly due to an increase in projects relating to the procurement of commodities and equipment.

The gross profit of the main business decreased from RMB19,375,357.05 for the previous year to RMB16,162,008.41, representing an decrease of RMB3,213,348.64 or 16.58%. The gross profit margin of the main business decreased from 34.76% for the previous financial year to 21.53% for the current year.

Other revenue decreased by RMB340,768.12 to RMB395,724.75 for the current year from RMB736,492.87 for the previous year, representing a decrease of 46.27%.

The share of profits of associates amounted to RMB-4,774,021.00 for the current year as compared to the profit of RMB416,931.10 for the previous year, representing a decrease of RMB5,190,952.10.

Selling expenses decreased by RMB835,010.85 from RMB4,527,066.45 for the previous year to RMB3,692,055.60 for the current year.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, shareholders' funds of the Group amounted to approximately RMB6,565,755.17 (2024: RMB15,987,472.90). Current assets amounted to approximately RMB35,147,510.43 (2024: RMB40,388,563.32), of which approximately RMB17,910,140.59 (2024: RMB22,113,514.78) were cash and bank balances. The Group had non-current liabilities amounting to approximately RMB0 (2024: RMB0), and its current liabilities amounted to approximately RMB36,251,083.87 (2024: RMB36,877,553.02), which mainly comprised other payables and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO AND GEARING RATIO

As at 31 December 2025, the Group had a net cash position and its working capital ratio (current assets divided by current liabilities) was 0.97 (2024: 1.10), and its gearing ratio (liabilities divided by total assets) was approximately 84.67% (2024: 69.76%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

Classification of investment	Held by the Company	Principal business	Number of shares held	Percentage of shareholding	Percentage of total assets of the issuer	Cost of investment	Balance as at 31 December 2025	Fair value as at 31 December 2025	Revenue recognised during the year	Dividends for the year	Remarks
Long-term equity investment	Shanghai TonTron Information Technology Co., Ltd.* (上海通創信息技術股份有限公司)	Development and sales of business solutions and computer accessories	3,783,784	33.94%	6.86%	3,200,000.00	2,936,429.83	2,936,429.83	-2,954,274.05		N/A
	Shanghai HuiGu DuoGao Information Engineering Co., Ltd.* (上海慧谷多高信息工程有限公司)	Design and installation of smart home systems	1,802,000	34%	0.80%	1,802,000.00	343,052.84	343,052.84	-1,819,746.95		N/A
Other non-current financial assets	Shanghai Jiaoda Withub Technology Street Company Limited* (上海交大慧谷科技街有限公司)	Technology promotion and application service	1,500,000	3%	10.16%	1,500,000.00	4,352,070.01	4,352,070.01	N/A	30,900.00	
Total						6,502,000.00	7,631,552.68	7,631,552.68	-4,774,021.00	30,900.00	
Total assets						42,816,839.04					

Shanghai TonTron Information Technology Co., Ltd.* (上海通創信息技術股份有限公司) is a joint venture established by Shanghai Telecom Gonghui Technology Service Co., Ltd.* (上海電信公惠科技服務有限公司) and Shanghai Jiaoda Withub Information Industrial Company Limited* (上海交大慧谷信息產業股份有限公司), and it aims to establish itself as a high-tech enterprise with intensive knowledge and talents by leveraging the resource advantages enjoyed by Shanghai Telecom and Shanghai Jiao Tong University in the fields of information and communication technology and management. Taking into account the specific circumstances of the market development within the industry, the company will prioritize seeking opportunities in the software and information technology services industry, such as application and software development, customized software solutions, and the development of technical services.



Management Discussion and Analysis

Shanghai Huigu DuoGao Information Engineering Co. Ltd.* (上海慧谷多高信息工程有限公司) was jointly invested and established by Tiancheng Group, Shanghai Jiaoda Withub Information Industrial Company Limited* (上海交大慧谷信息產業股份有限公司) and Shanghai Cable Television Association (上海有線電視協會), and is engaged in the integrated design and construction of intelligent building systems such as communication, computer, network, technical defense, modern property management, and other professional businesses such as cable TV, satellite reception, audio-visual education, computer software, and multimedia technology. The Company will continue to invest in subsidiaries that demonstrate profitability. On 30 December 2025, the Company's Board of Directors approved by vote the initiation of the transfer of the Company's 34% equity interest in Huigu Duogao, and authorized the Company's management to carry out the work within the corresponding scope of authority.

Shanghai Jiaoda Withub Technology Street Company Limited* (上海交大慧谷科技街有限公司) is a joint venture established by Shanghai Xufang (Group) Co., Ltd.* (上海徐房(集團)有限公司), Shanghai Jiaoda Science and Technology Park Limited* (上海交大科技園有限公司), Shanghai Jiaoda Withub Information Industrial Company Limited* (上海交大慧谷信息產業股份有限公司) and others. It has been deeply involved in the fields of property leasing and construction decoration for many years. Leveraging its experience in technology service promotion, it can help to enhance the Company's long-term competitive capabilities, and can provide the Company with resources to develop existing business. The company will continue to invest in consistently profitable companies.

Save for the disclosure herein, the Group had no capital commitments and significant investments for the year ended 31 December 2025.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Group had no material acquisitions or disposals of subsidiaries, associates or joint venture companies for the year ended 31 December 2025.

SEGMENT INFORMATION

All of the Group's activities are conducted in the PRC and are divided into two major business segments, including business application solutions and sales of products. Accordingly, the analysis by business segments is presented in note 5 to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2025, the Group had 70 full-time employees (2024: 83), comprising 11 in management, finance and administration (2024: 13), 31 in research and development (2024: 38), 25 in application development and engineering (2024: 25), and 3 in sales and marketing (2024: 6).

The Group did not experienced any disruption of its normal business operations due to labour disputes or significant turnover of staff. The Directors consider that the Company has maintained a very good relationship with its staff.

The remuneration of employees, including Directors' emoluments and all staff-related costs for the year ended 31 December 2025, was approximately RMB18,126,648.87 (2024: RMB19,682,880.92).

Management Discussion and Analysis

The Group's remuneration and bonus policies are principally determined with reference to the qualifications, experience and performance of individual employees.

CHARGES ON GROUP ASSETS

As at 31 December 2025, the Group did not have any charges on its assets (2024: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors currently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2025, the Group's monetary assets and transactions were mainly denominated in RMB, HKD and USD. Though the exchange rates among RMB, HKD and USD are not pegged, there are relatively low levels of fluctuation in exchange rates among RMB, HKD and USD. The management noted the appreciation in the exchange rate of RMB to HKD and USD and is of the opinion that it does not currently have a material adverse impact on the Group's financial position. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

EVENT AFTER THE REPORTING PERIOD

No important events affecting the Group have occurred since the end of the year.



Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS

The Company has six executive Directors, and three independent non-executive Directors. Their details are set out below:

Executive Directors

Zhang Xiaobo (“Mr. Zhang”), aged 53, has a master degree, and is a professor-level senior engineer. Mr. Zhang has more than 25 years of experience in digital transformation and government-enterprise information technology, and was the deputy director and chief engineer of the information research center of Shanghai Civil Affairs Bureau, the deputy director of the president’s office of, and administration office director of Shanghai Guosheng (Group) Co., Ltd* (上海國盛(集團)有限公司). He is currently the deputy party secretary and president of Shanghai Guosheng Group Science and Education Investment Co., Ltd* (上海國盛集團科教投資有限公司) and the deputy party secretary and president of Shanghai Jiada Industrial Investment Management (Group) Co., Ltd* (上海交大產業投資管理(集團)有限公司). He was appointed as an Executive Director, the Chairman of the Board, the chairman of the Nomination Committee, a member of the Remuneration Committee and the Authorised Representative by the Company on 4 September 2023.

Mr. Li Yan (“Mr. Li”), aged 49, a university degree. He previously served at the State-owned Assets Supervision and Administration Commission of Xuhui District, Shanghai. Currently, he serves as the deputy general manager of Shanghai Xin Xuhui (Group) Company Limited. He was appointed as an executive director of the Company on 20 June 2025.

Mr. Ma Renchao (“Mr. Ma”), aged 53, a university graduate and an intermediate accountant. He previously served at the Changqiao Community Service Center in Xuhui District (徐匯區長橋社區服務中心) and currently serves as the deputy director of Xuhui District Financial Accounting Management Center (徐匯區財務會計管理中心). He was appointed as an executive director of the Company on 20 June 2025.

Ms. Pan Mengran (“Ms. Pan”), aged 34, is a Chinese national with a master’s degree. She currently serves as the assistant general manager of the Asset Management Department at Shanghai Science and Technology Venture Investment (Group) Co., Ltd. (上海科技創業投資(集團)有限公司). She was appointed as an executive director of the Company on 20 June 2025.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Sun Jingchen (“Mr. Sun”), aged 43, graduated from Shanghai University with a bachelor’s degree in accounting in 2018. Mr. Sun is an intermediate accountant and an intermediate economist. Mr. Sun has more than 16 years of financial work experience, and has worked as a financial manager in a large state-owned enterprise for more than 11 years, and understands the overall accounting process. Mr. Sun is familiar with accounting computerized software operation, financial software, SAP system. Mr. Sun is responsible for the company’s budget management, analysis and evaluation, and performance evaluation.

Mr. Sun is familiar with relevant national accounting standards and policies and regulations, and has good learning ability, independent working ability and financial analysis ability. Serious and down-to-earth work, strong ability to independently analyze and solve problems, and strong teamwork ability. In 2013 and 2014, Mr. Sun was awarded the Advanced Individual Award for Statistical Work by Shanghai Pudong New Area Statistics Bureau for two consecutive years. From 2010 to 2019, Mr. Sun was awarded four times of outstanding teams and two times of outstanding employee. He was appointed as an executive Director by the Company on 20 June 2023.

Mr. Lu Taiyi (“Mr. Lu”), aged 30, graduated with a bachelor’s degree from University of Shanghai for Science and Technology. He has been working in the Finance Department of the 23rd Research Institute of China Electronics Technology Group Corporation (中國電子科技集團公司) since 2017; and serving in the Corporate Management Department of Shanghai Jiaoda Industrial Investment Management (Group) Limited since 2019. Mr. Lu is currently a senior manager of the Investment Management Department (Corporate Governance Office) of Shanghai Guosheng Group Science and Education Investment Company Limited and Shanghai Jiaoda Industrial Investment Management (Group) Limited. Mr. Lu was proposed by the Company in 30 August 2024 for appointment as an executive Director and was appointed as an executive director of the Company on 20 June 2025.



Biographical Details of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Yuan Shumin ("Mr. Yuan"), aged 75, was graduated from School of Accounting of Shanghai University of Finance and Economics in January 1983 with a bachelor degree in Economics, and taught there after graduation. In September 1985, Mr. Yuan attended the part-time Postgraduate program in School of Accounting of Shanghai University of Finance and Economics, and graduated in June 1988 with a master degree in Economics. Mr. Yuan became an associate professor in 1992, and promoted as professor in 1997. Since 1993, Mr. Yuan has been the supervisor of teaching department, an assistant supervisor and assistant dean of School of Accounting, assistant dean and dean of School of Adult Education (成教學院) of Shanghai University of Finance and Economics. Mr. Yuan studied in a part-time doctorate program of Management at School of Management of Fudan University from January 1995, and graduated from Fudan University in January 1998 with a doctorate degree in science. In July 2001, Mr. Yuan was appointed as tutor of accounting doctorate program in Shanghai University of Finance and Economics. He has served as the president of School of Accounting in School of Accounting in Shanghai Finance University since September 2005. Mr. Yuan was employed by Sanda University as the chief accountant and a professor successively from April 2014 to June 2023. Mr. Yuan has written various thesis, studies, teaching material, and served as Chairman of Computerized Accountancy Association for Youth (中青年會計電算化分會) of PRC Accounting Association (中國會計學會). He was appointed as an independent non-executive Director, the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee by the Company on 22 June 2007. In addition, since May 2014, Mr. Yuan has been appointed as an independent non-executive director of China Smartpay Group Holdings Limited (a company listed on the Stock Exchange, stock code: 8325), and is the Chairman of each of its audit committee, remuneration committee and internal control committee as well as a member of its nomination committee and compliance committee.

Mr. Liu Feng ("Mr. Liu"), aged 58, master, lawyer. He holds the bachelor of law of East China University of Political Science and Law and master of MBA of Shanghai Jiao Tong University. Mr. Liu is the senior partner of Dentons, with rich legal experience. He currently acts as the consultant expert for Civil Administrative Cases of the Supreme People's Procuratorate, the director of Intellectual Property Committee of Shang Hai Bar Association, the director of Shanghai Intellectual Property Services Association, the financing consultant for high-tech projects of Science and Technology Commission of Shanghai Municipality, the director of Intellectual Property Institute under Shanghai Law Society, the mediator of Shanghai Commercial Mediation Center, the director of Intellectual Property Department of China (Shanghai) Pilot Free Trade Zone, the specially-invited expert of Shanghai Minyi Legal Service Center, the member of the legal team of legal advisory committee of Shanghai Association for Science & Technology, the member of legal expert service team for consumer protection under Shanghai Consumers Council, the specially-invited mediator of Professional Mediation Center in Pudong New Area, Shanghai, the independent director of Shanghai Jiao Da Only Co., LTD. He acts as the member of the expert conference of Shanghai High People's Court for several times. He was appointed as an independent non-executive Director, member of the Audit Committee, Remuneration Committee and Nomination Committee by the Company on 24 June 2021. Since May 2014, Mr. Liu has been appointed as an independent non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (a company listed on the Stock Exchange, stock code: 1635), and the chairman of its nomination committee and a member of each of its audit committee and remuneration and evaluation committee.

Biographical Details of Directors, Supervisors and Senior Management

Ms Li Jing (“Ms. Li”), aged 59, is a professor-level senior engineer with a bachelor’s degree in computer science and a master’s degree in advanced finance and accounting. She serves as the vice chairman of the China Computer Users Association, the chairman of the Shanghai Computer Users Association, and the chief expert of the Digitalization Center at the Shanghai State-owned Assets Research Institute (上海國資研究院數字化中心). Ms. Li currently serves at Shenergy Property & Casualty Insurance Co., Ltd. (申能財產保險股份有限公司), where she oversees technological innovation and digital transformation. She has previously held positions including vice president and CTO at Yonghui Superstores Co., Ltd., CIO and head of management and information department at Shanghai Electric Group Co., Ltd., and chairman of the shared service center at Shanghai Electric Group. Ms. Li has extensive practical experience in digital transformation across industries such as finance, retail and manufacturing.

As a seasoned expert and leader in information technology and corporate management with nearly two decades of experience as a CIO in multi-billion-dollar conglomerates, Ms. Li possesses deep learning, analytical, innovative and execution capabilities. With her international management perspective and solid professional expertise, she has been awarded numerous accolades, including National and Shanghai Outstanding CIO, IT Governance and Management Practitioner, and the First Prize for Shanghai Enterprise Management Innovation. She was appointed by the Company as an independent non-executive director and a member of the nomination committee on 20 June 2025.



Biographical Details of Directors, Supervisors and Senior Management

SUPERVISORS

Mr. Qin Yanming (“Mr. Qin”), aged 30, holds a master’s degree and possesses qualifications as a legal professional, fund practitioner and a corporate compliance officer. He currently serves as the risk control supervisor in the compliance and risk control department at Shanghai Science & Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資(集團)有限公司). He was appointed as a supervisor and chairman of the supervisory board of the Company on 20 June 2025.

Ms. Feng Liping (“Ms. Feng”), aged 51, a university degree and an intermediate accountant. Currently, she serves as the director of the audit office at Shanghai Xin Xuhui (Group) Company Limited. She was appointed as a supervisor of the Company on 20 June 2025.

Ms. Huang Peirong (“Ms. Huang”), aged 36, holds a bachelor’s degree and is a junior accountant. She previously served as an auditor at the Shanghai Branch of Ruihua Certified Public Accountants LLP and as an internal audit supervisor at Cross Communication Group. She is currently a staff member at the Xuhui District Financial Accounting Management Center (徐匯區財務會計管理中心). She was appointed as a supervisor of the Company on 20 June 2025.

Ms. Sun Guofang (“Ms. Sun”), aged 43, is an employee representative and supervisor of the Company. She graduated from East China Normal University with a bachelor’s degree in communication. She served as the manager of the administration department of the Company since 2015. Currently, Ms. Sun is the manager of the administration and human resources department of the Company. She was appointed as the supervisor by the Company on 20 March 2019.

Mr. Yang Binghua (“Mr. Yang”), aged 53, is an employee representative and supervisor of the Company. He graduated from Jiangxi Agricultural University with a bachelor’s degree in accounting. He served as the deputy manager of the administration department since 2015. Currently, Mr. Yang is the deputy manager of the administration and human resources department and the chairman of the labour union of the Company. He was appointed as the supervisor by the Company on 20 March 2019.

Biographical Details of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Mr. Sun Yongjun (孫擁軍) (“Mr. Sun”), aged 58, graduated from Shanghai Jiao Tong University with master degree, was a student in the first Pilot Class of Shanghai Jiao Tong University. He once worked in the technology and marketing departments of international companies such as IBM, Network Appliance, A10 Networks. He once worked as an architect in the Great China and as the person in charge of businesses in East China of Network Appliance, and as a business manager in East China of A10 Networks. He joined Jiaoda Withub as manager of Storage Division in 2011 and was appointed as a chief technology officer of the Intelligent Internet of Things department by the Company in 2019.



Report of the Supervisory Committee

To All Shareholders,

上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) has complied with the Company Law of the PRC during the year ended 31 December 2025, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, exercised conscientiously its authority, safeguarded the interests of the shareholders and the Company, followed the principles of honesty and trustworthiness and worked cautiously and diligently.

During the year we carefully reviewed the use of the proceeds raised in strict compliance with the plan of use of proceeds disclosed in the prospectus of the Company dated 25 July 2002 for the listing of the Company's H shares on the GEM. We provided reasonable suggestions and advice on the operations and development plans of the Company to the Board and strictly and effectively monitored whether the policies and decisions made by the management of the Company had conformed with the state laws and regulations and the Articles of Association of the Company (the "Articles of Association") or safeguarded the interests of shareholders.

After investigation, we consider that the financial statements of the Group and of the Company, audited by ShineWing Certified Public Accountants (Special General Partnership), truly and fairly reflect the operating results of the Group and asset positions of the Group and of the Company. We also reviewed the Report of the Directors and profit distribution proposal. We consider that the aforesaid report and proposal meet the requirements of the relevant regulations and articles of the Company. We have attended the meeting of the Board. We consider that the members of the Board, the general manager and other officers have strictly complied with the principles of honesty and trustworthiness, worked diligently and sincerely acted in the best interests of the Group. None of the Directors, the general manager and the officers have abused their authorities, caused damage to the interests of the Group and infringed upon the interests of the Group and its staff, nor have they violated any laws, regulations or the Company's Articles of Association.

Supervisory Committee

Shanghai, the PRC, 27 March 2026

Report of Corporate Governance

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board believes that such commitment will in the long term serve to enhance the Shareholders' value. The Company has applied the principles and adopted all code provisions, where applicable, as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the GEM Listing Rules as its own the CG code.

Save as disclosed below, the Company has complied with all the code provisions in the CG Code during the Current Period except the following deviation:

Under code provision C.2.1 of the Code, the roles of the Chairman and the Chief Executive (the "CE") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and the CE should be clearly established and set out in writing. Mr. Zhang Xiaobo was appointed as an executive Director and Chairman from 4 September 2023. The Chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CE is accountable to the Board for the overall implementation of the Company's strategies and the coordination of overall business operations.

Mr. Zhang Xiaobo ("Mr. Zhang") was appointed as the CE of the Company on 30 August 2024. Under the current organization structure of the Company, Mr. Zhang is our Chairman and the CE. With his extensive experience in the industry, the Directors believe that vesting the roles of both Chairman and the CE in the same person provides the Company with strong and consistent leadership, allowing effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Zhang performs both the roles of Chairman and the CE, the division of responsibilities between the Chairman and the CE is clearly established. Further, the current structure does not impair the balance of power and authority between the Board and management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS

The Company had adopted a code of conduct regarding securities transactions by the Directors and supervisors on terms no less exacting than the standard of dealings in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and supervisors and the Company was not aware of any non-compliance with the Stock Exchange's required standard of dealings and its code of conduct regarding securities transactions by the Directors and supervisors during the year.



Report of Corporate Governance

BOARD OF DIRECTORS

The Board comprises nine Directors, of whom six are executive Directors and three are independent non-executive Directors. Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the pages 9 to 14 of the annual report. The participation of independent non-executive Directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Company did not enter into any service contract with its executive Directors and independent non-executive Directors. However, according to article 98 of the Articles of Association, the terms of the Directors shall be three years. Upon the expiry of the term, the Directors shall be eligible for re-election at the annual general meeting of the Company. Therefore, the terms of the independent non-executive Directors of (i) Mr. Yuan Shumin commenced from 22 June 2025 to 21 June 2028; (ii) Mr. Liu Feng commenced from 24 June 2024 to 23 June 2027; and (iii) Ms. Li Jing commenced from 20 June 2025 to 19 June 2028.

The Board considers that all of the independent non-executive Directors are independent and it has received from each of them the annual confirmation of independence required by the GEM Listing Rules.

The Board is responsible for the leadership and control of the Company and also approve business plans, evaluate the performance of the Group and oversight of management. The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Report of Corporate Governance

The Board held four board meetings during the year ended 31 December 2025. Details of the attendance of the Board are as follows:

Board Meetings		Number of attendance
Executive Directors		
Mr. Zhang Xiaobo	(Chairman)	4/4
Mr. Li Yan	(Vice President) (appointed on 20 June 2025)	2/2
Mr. Ma Renchao	(Appointed on 20 June 2025)	2/2
Ms. Pan Mengran	(Appointed on 20 June 2025)	2/2
Mr. Lu Taiyi	(Appointed on 20 June 2025)	2/2
Mr. Sun Jingchen		4/4
Mr. Shuai Ge	(Resigned on 20 June 2025)	2/2
Mr. Hu Lunjie	(Resigned on 20 June 2025)	2/2
Ms. Gu Xiaomin	(Resigned on 20 June 2025)	2/2
Independent Non-executive Directors		
Mr. Yuan Shumin		4/4
Mr. Liu Feng		4/4
Ms. Li Jing	(Appointed on 20 June 2025)	2/2
Mr. Zhou Guolai	(Resigned on 20 June 2025)	2/2

The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

During the year ended 31 December 2025, the Company held one annual general meeting on 20 June 2025.

Name of Directors		Number of attendance
Executive Directors		
Mr. Zhang Xiaobo	(Chairman)	1/1
Mr. Li Yan	(Vice President) (appointed on 20 June 2025)	0/0
Mr. Ma Renchao	(Appointed on 20 June 2025)	0/0
Ms. Pan Mengran	(Appointed on 20 June 2025)	0/0
Mr. Sun Jingchen		1/1
Mr. Lu Taiyi	(Appointed on 20 June 2025)	0/0
Mr. Shuai Ge	(Resigned on 20 June 2025)	1/1
Mr. Hu Lunjie	(Resigned on 20 June 2025)	1/1
Ms. Gu Xiaomin	(Resigned on 20 June 2025)	1/1
Independent Non-executive Directors		
Mr. Yuan Shumin		1/1
Mr. Liu Feng		1/1
Ms. Li Jing	(Appointed on 20 June 2025)	0/0
Mr. Zhou Guolai	(Resigned on 20 June 2025)	1/1



Report of Corporate Governance

DIRECTORS' TRAINING

According to the C.1.4 of the CG Code, all directors shall participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company shall be responsible for arranging and funding training, and place appropriate emphasis on the roles, functions and duties of the Directors.

For the year ended 31 December 2025, the Directors participated in the following continuous professional development:

Name of Director	1. Responsibilities of the Board and Directors	2. Compliance with Listing Rules and Hong Kong Law	3. Corporate governance and environmental, social and governance	4. Risk management and internal controls	5. Industry and business updates	Total Hours
Executive Directors						
Mr. Zhang Xiaobo (Chairman and Chief Executive)	2*	2 [#]	2*	2 [^]	2 [^]	10
Mr. Li Yan (Vice Chairman) ** (Appointed on 20 June 2025)	4*	4 [#]	8*	4 [^]	4 [^]	24
Mr. Ma Renchao ** (Appointed on 20 June 2025)	4*	4 [#]	8*	4 [^]	4 [^]	24
Ms. Pan Mengran** (Appointed on 20 June 2025)	4*	4 [#]	8*	4 [^]	4 [^]	24
Mr. Sun Jingchen	2*	2 [#]	2*	2 [^]	2 [^]	10
Mr. Lu Taiyi** (Appointed on 20 June 2025)	4*	4 [#]	8*	4 [^]	4 [^]	24
Mr. Shuai Ge (Resigned on 20 June 2025)	2*	2 [#]	2*	2 [^]	2 [^]	10
Mr. Hu Lunjie (Resigned on 20 June 2025)	2*	2 [#]	2*	2 [^]	2 [^]	10
Ms. Gu Xiaomin (Resigned on 20 June 2025)	2*	2 [#]	2*	2 [^]	2 [^]	10
Independent Non-executive Directors						
Mr. Yuan Shumin	2*	2 [#]	2*	2 [^]	2 [^]	10
Mr. Liu Feng	2*	2 [#]	2*	2 [^]	2 [^]	10
Ms. Li Jing ** (Appointed on 20 June 2025)	4*	4 [#]	8*	4 [^]	4 [^]	24
Mr. Zhou Guolai (Resigned on 20 June 2025)	2*	2 [#]	2*	2 [^]	2 [^]	10

* Internal training

External training (the training has been certified by BMI Listed Corporate Services Limited)

[^] Self-study

** Pursuant to Rule 5.02D of the Listing Rule, as at the date of their appointment, the Directors obtained legal advice from a law firm qualified to advise on Hong Kong law regarding the requirements of the Listing Rules applicable to them as Directors and any potential consequences of making false statements or providing false information to the Stock Exchange, and the Directors have confirmed that they are aware of their responsibilities as Directors.

Pursuant to Rule 5.02H of the Listing Rule, Mr. Li Yan, Mr. Ma Renchao, Ms. Pan Mengran, Mr. Lu Taiyi and Ms. Li Jing have completed the continuing professional development required under Rule 3.09H of the Listing Rule.

Report of Corporate Governance

CHAIRMAN AND THE CHIEF EXECUTIVE

In order to maintain the transparency and independence of the corporate governance, the roles of the Chairman, Vice Chairman and the CE are segregated and assumed by those separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, the Vice Chairman is responsible for the overall business planning of the Group, while the Chief Executive is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities among the Chairman, Vice Chairman and the CE have been clearly established and set out in writing.

Under the current organization structure of the Company, Mr. Zhang Xiaobo is our Chairman and the CE. With his extensive experience in the industry, the Directors believe that vesting the roles of both Chairman and the CE in the same person provides the Company with strong and consistent leadership, allowing effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Zhang performs both the roles of Chairman and the CE, the division of responsibilities between the Chairman and the CE is clearly established. Further, the current structure does not impair the balance of power and authority between the Board and management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with the Rules 5.05(1) and 5.05A of the GEM Listing Rules, there are three independent non-executive Directors representing one-third of the Board. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or relevant financial management expertise as required by the Rule 5.05(2) of the GEM Listing Rules. The independent non-executive Directors bring independent judgment on issues of strategy, performance and risk. The Company has received from each of the independent non-executive Directors written confirmations of their independence pursuant to the Rule 5.09 of the GEM Listing Rules. Based upon the said confirmations, the Board considers that all the independent non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 7 July 2002 with written terms of reference. The financial reporting system, risk management and internal control systems of the Company have also been reviewed by the Audit Committee, which was of the opinion that no improvement was required for the time being.

The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin (Chairman), Mr. Liu Feng and Ms. Li Jing.



Report of Corporate Governance

The Audit Committee held two meetings during the year. The attendance records of the Audit Committee meetings during the year ended 31 December 2025 are as follows:

Meetings of Audit Committee		Number of attendance
Mr. Yuan Shumin	(Chairman)	2/2
Mr. Liu Feng		2/2
Ms. Li Jing	(Appointed on 20 June 2025)	1/1
Mr. Zhou Guolai	(Resigned on 20 June 2025)	1/1

The Group's unaudited quarterly and interim results and audited annual results during the year ended 31 December 2025 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 7 July 2005 with written terms of reference and comprising a total of four members, being one executive Director, namely, Mr. Zhang Xiaobo and three independent non-executive Directors, namely, Mr. Yuan Shumin (Chairman), Mr. Liu Feng and Ms. Li Jing.

The role and function of the Remuneration Committee include the determination of the remuneration package of all Directors and senior management of the Company. The principal elements of the remuneration packages may include basic salary, discretionary bonus and share option. The determined guidelines are based on their skills, knowledge and involvement in the Company's affairs and which are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions and to review and/or approve matters reflecting chapter 23 of the Listing Rules in relation to the Share Scheme.

The Remuneration Committee consults the Chairman and Chief Executive about its proposals related to the remuneration of the Directors and senior management of the Company. The Remuneration Committee held one meeting during the year. The attendance records of the Remuneration Committee meeting during the year ended 31 December 2025 are as follows:

Meetings of Remuneration Committee		Number of attendance
Mr. Yuan Shumin	(Chairman)	1/1
Mr. Zhang Xiaobo		1/1
Mr. Liu Feng		1/1
Ms. Li Jing	(Appointed on 20 June 2025)	0/0
Mr. Zhou Guolai	(Resigned on 20 June 2025)	1/1

Report of Corporate Governance

For the year ended 31 December 2025, the remuneration of the senior management of the Company falls within the following bands.

Remuneration bands (RMB)	Number of senior management
Nil to 1,000,000	1

Directors' Remuneration Policy

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors.

The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

NOMINATION COMMITTEE

On 20 March 2012, the Company established the nomination committee of the Company (the "Nomination Committee") with clear written terms of reference as to its authority and duties. The Nomination Committee consists of three members, being one executive Director, namely, Mr. Zhang Xiaobo (Chairman), and two independent non-executive Directors, namely, Mr. Yuan Shumin and Mr. Liu Feng. Accordingly, a majority of the members are independent non-executive Directors.

The Nomination Committee is responsible for electing and recommending candidates for directorship, based on assessment of their professional qualifications and experience and also for assessing the independence of each independent non-executive Director. The Nomination Committee has assessed each Director's effectiveness, integrity and independence, taking into consideration their contributions to the Board's discussions and decision-making. This ongoing assessment process ensures the Board comprises qualified individuals capable of fulfilling their responsibilities and driving the Company's success.

The Nomination Committee held one meeting during the year. The attendance records of the Nomination Committee meeting during the year ended 31 December 2025 are as follows:

Meetings of Nomination Committee	Number of attendance
Mr. Zhang Xiaobo (Chairman)	1/1
Mr. Yuan Shumin	1/1
Mr. Liu Feng	1/1
Ms. Li Jing (Appointed on 20 June 2025)	0/0



Report of Corporate Governance

Board Diversity Policy

The Nomination Committee adopted the board diversity policy on 8 August 2013.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Nomination Policy

The Board has adopted the nomination policy (the “Nomination Policy”) on 9 November 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 5.09 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

Board Independence

The Board should establish mechanisms to ensure independent views and input are available to the Board and such mechanisms should be reviewed annually by the Board. During the year, the Board has reviewed the implementation and effectiveness of such mechanisms and made the following observations:

- (a) Three out of nine Directors are INEDs, satisfying the requirement of the Listing Rules that at least one-third of the Board are INEDs;
- (b) INEDs are encouraged to join Board committees to ensure independent views are available at committee levels;
- (c) The nomination committee will assess the independence of a candidate who is nominated to be a new INED before appointment. The nomination committee will also assess the continued independence of the long-serving INEDs on an annual basis;
- (d) Each INED is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence;
- (e) All INEDs are required to submit a written confirmation to the Company annually to confirm their independence;
- (f) All Directors are encouraged to seek further information and documentation from the management on the matters to be discussed at or outside Board and Board committee meetings;

Report of Corporate Governance

- (g) All Directors are aware of their right to seek assistance from the Company's management and company secretary and, where necessary, to seek independent advice from external professional advisers at the Company's expense;
- (h) All Directors are encouraged to express their views in an open and candid manner at or outside Board and Board committee meetings; and
- (i) All Directors are reminded at Board and Board committee meetings to disclose any material interest in contract, transaction or arrangement and where such material interest does exist, shall abstain from voting and not be counted in the quorum on any Board or committee resolution approving the same.

The process to identify potential candidates for the Board would be as follows:

- (1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;
- (2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;
- (3) reviewing the profiles of the shortlisted candidates and interview them; and
- (4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

CORPORATE GOVERNANCE FUNCTIONS

The terms of reference on corporate governance functions was adopted by the Board on 20 March 2012. The Board is responsible for performing the corporate governance functions to develop and review the Company's policies and practices on corporate governance and make recommendations; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the "Corporate Governance Code and Corporate Governance Report" as set out in Appendix C1 of the GEM Listing Rules and disclosure in the Corporate Governance Report contained in the annual report of the Company.

AUDITOR'S REMUNERATION

An amount of RMB360,000.00 was charged to the Group's consolidated income statement and income statement for the year ended 31 December 2025 for the auditing services provided by ShineWing Certified Public Accountants (Special General Partnership), the existing auditor of the Company. During the year, the amount charged in respect of non-auditing services provided by ShineWing Certified Public Accountants (Special General Partnership) was RMB0.00.



Report of Corporate Governance

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Annual Report and Financial Statements

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly and annual financial statements, and announcements to shareholders. The Directors aim to present a balanced and understandable assessment of the Group position and prospects.

Accounting Period

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, is appropriate to adopt the going concern basis in preparing the financial statements.

THE COMPANY SECRETARY

After entering into the service contracts by the Company and the external service providers, Ms. Ho Wing Yan ("Ms. Ho") has been appointed as the company secretary of the Company (the "Company Secretary"). Mr. Zhang Xiaobo, our executive Director, is the main contact person of Ms. Ho at the Company when she fulfills her duties.

As the Company Secretary, Ms. Ho supports the Board to ensure a smooth exchange of information within the members of the Board and that the policies and procedures of the Board are followed. She is responsible for advising the Board on corporate governance matters and making arrangements for the Directors' induction training and ongoing training as well as professional development.

Ms. Ho is an associate member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms. Ho constantly pursues continuing education courses relating to the certificates of corporate governance. She has extensive experience in acting as the company secretary of a listed company and is awarded practitioners professional accreditation by the Hong Kong Institute of Chartered Secretaries. According to Rule 5.15 of the GEM Listing Rules, Ms. Ho has attended more than 15 hours of relevant professional training during the year.

Report of Corporate Governance

DIVERSITY POLICY

Board Diversity

The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at Board level as an essential element in achieving a sustainable and balanced development of the Company. A truly diverse Board shall be inclusive and make good use of differences in the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments of the members of the Board are made on merit, taking into account the talents, skills and experience the Board as a whole in order for the Board to be effective. The selection process of the Board members will include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The following tables further illustrate the diversity of the Board members as of the date of this report:

Name of Directors	Accounting and Financial Industry	Corporate Governance and Legal industries	Business development; business consultancy and advisory services; business management
Executive Directors			
Mr. Zhang Xiaobo (<i>Chairman</i>)			✓
Mr. Li Yan (<i>Vice Chairman</i>)			✓
(Appointed on 20 June 2025)			
Mr. Ma Renchao	✓		
(Appointed on 20 June 2025)			
Ms. Pan Mengran	✓		
(Appointed on 20 June 2025)			
Mr. Sun Jingchen	✓		
Mr. Lu Taiyi	✓		
(Appointed on 20 June 2025)			
Mr. Shuai Ge			✓
(Resigned on 20 June 2025)			
Mr. Hu Lunjie			✓
(Resigned on 20 June 2025)			
Ms. Gu Xiaomin	✓		
(Resigned on 20 June 2025)			
Independent Non-executive Directors			
Mr. Yuan Shumin	✓		
Mr. Liu Feng		✓	
Ms. Li Jing			✓
(Appointed on 20 June 2025)			
Mr. Zhou Guolai			✓
(Resigned on 20 June 2025)			



Report of Corporate Governance

In respect of the gender diversity of the Board, as at the date of the Annual Report, the Company had 7 male Directors and 2 female Directors. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and regards increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the ratio of female Directors will reach more than 20% in the following years. The Company will achieve this goal through active nomination of suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

Employee Diversity

Moreover, the current gender ratio in senior management is 1 male to 0 females. The current gender ratio of our employees (excluding senior management) is 45 males to 25 females. Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. The different experiences of male and female may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitive strength in the future.

Board Performance Assessment

The Company conducts a regular assessment of the Board's performance and efficiency every two years by the way of a questionnaire distributed to all Directors. Each Director is invited to provide feedback on the Board's performance and to propose recommendations for improving the Board's operation processes. The assessment results are reviewed by the Nomination Committee and submitted to the Board.

The Company conducted an assessment of the Board's performance for the year ended 31 December 2025. Based on the assessment results, the Directors expressed satisfaction with the Board's performance and consider that the Board continues to operate effectively.

Report of Corporate Governance

SHAREHOLDER'S RIGHTS

The Convening of an Extraordinary General Meeting

Pursuant to the Article 80 of the Memorandum of Association, Shareholders who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures:

- (1) Two or more shareholders with an aggregate of more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting's agenda. After receiving the aforesaid written request, the board of directors shall promptly convene an extraordinary general meeting or class meeting of shareholders. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request.
- (2) If the Board fails to issue notice for convening a meeting within thirty days after receiving the aforesaid written request, the shareholders who raised the request may convene the meeting within four months after the Board received that request. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a general meeting by the Board.

In the case of shareholders organizing the convening of a meeting as a result of the failure of the Board to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the funds owed by the Company to those directors who were negligent in the performance of their duties.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholders' communication policy (the "Policy") on 20 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong.



Report of Corporate Governance

Putting forward a proposal at a general meeting

Pursuant to the Article 61 of the Memorandum of Association, the Board of Directors, the Supervisory Committee and the Shareholder(s) individually or aggregately holding more than 3% of the Shares of the Company may put forward written proposals to the shareholders' general meeting. The shareholders that severally or jointly hold more than 3% of the Company's shares may raise interim proposals and notify them in writing to the convener ten days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting within two days after receipt of such proposal. The contents of such proposals shall fall within the scope of the shareholder's general meeting and such proposals shall have clear and specific topics for discussion and comply with the relevant provisions of the laws, administrative regulations and the Articles of Association. Save for the circumstances mentioned in the preceding paragraphs, no amendment to the proposals specified in the notice of general meeting or additional proposals shall not be made after the notice of convening a general meeting is delivered. No proposal which has not been set out in the notice of the general meeting or not in compliance with the requirement under this Article shall be considered and decided at the general meeting.

CONSTITUTIONAL DOCUMENTS

There was no changes in the Company's constitutional documents during the year ended 31 December 2025.

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognises the importance of providing current and relevant information to its Shareholders. This shareholders' communication policy (the "Policy") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The Board shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited ("HKEx") and other corporate publications on the HKEx's website and corporate communications on the HKEx website (www.hkex.com.hk) and the Company's website (<http://www.withub.com.cn>).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Suite 2703, 27/F, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong or through the Company's share registrar.

Report of Corporate Governance

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the HKEx website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the Policy conducted for the year ended 31 December 2025 and considered that the Policy has been well implemented and effective.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 9 November 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis. The Board of Directors makes all dividend decisions in accordance with the principles outlined in the Company's dividend policy.

INVESTOR RELATIONS

The Company continues to pursue a proactive policy in promoting communications with the investors. The Board recognized that effective communication with investors is the key to establish investor confidence and to attract more new investors.

The Company communicates with its investors through the publication of annual and interim reports, press announcements and releases and also the Company's website at www.withub.com.cn. The Group regularly releases corporate information such as awards received, and the latest news of the Group's developments on its website. The public are welcome to give their comments and make their enquiries through the Company's website, and the management will give their prompt response.



Report of Corporate Governance

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries at least once during the reporting period, in accordance with Code Provision D.2.1 of the Corporate Governance Code. Furthermore, internal policies and procedures concerning business operations, finance and risk monitoring of the Company have been enhanced under this standardised system, the details of which are disclosed below:

The Board's Statements: (i) The Board acknowledges its overall responsibility for the issuer's risk management and internal control systems; and (ii) The Board confirms that the issuer's risk management and internal control systems are adequate and effective in achieving the purpose set out in Principle D.2 of the Corporate Governance Code, namely in managing risks in pursuit of the company's strategic objectives and providing reasonable (though not absolute) assurance against material misstatements or losses.

Principal features of the risk management and internal control system: The principal features of the system comprise processes for identifying, assessing and managing material risks, and procedures for timely, accurate and complete disclosure of required information (including inside information and any other information necessary to prevent a false market in the Issuer's securities). Specifically, the risk management system encompasses the identification and classification of existing and emerging risks in business operations, risk assessment and prioritisation, risk mitigation, and the measurement of risk management effectiveness. The internal control system includes codes of conduct for employees, internal audits, management reporting, and internal control systems implemented within hospitals. Information disclosure procedures establish processes and internal controls for handling and disseminating inside information in accordance with regulatory requirements such as the Securities and Futures Ordinance and the Listing Rules.

Risk assessments and system changes during the reporting period: (i) The Company conducted risk assessments (including environmental, social and governance risks); and (ii) There were no material changes to the risk management and internal control systems during the reporting period. The Company continued to improve its risk management and internal control frameworks and capabilities, integrating them into daily operations to support long-term business growth and sustainable development.

The Company maintains an internal audit function, overseen by the Audit Committee and executed with the assistance of the Internal Control Department. The Internal Audit Department is responsible for periodically assessing the effectiveness of the risk management and internal control systems, ensuring the effective implementation of internal control measures through systematic examinations. The Audit Committee conducts at least one comprehensive review annually, reporting the assessment results and improvement recommendations to the Board.

In terms of the responsibilities, processes, and frequency of the review, the Internal Audit Department, under the supervision of the Audit Committee, is responsible for conducting periodic reviews to assess the effectiveness of the risk management and internal control systems. The review process involves: identifying key risk areas through systematic assessment; testing the design and operational effectiveness of control measures; and reviewing relevant documentation and records. The Audit Committee conducts the review at least once a year and reports the results and recommendations to the Board.

Report of Corporate Governance

The Board's conclusion regarding the adequacy and effectiveness of the risk management and internal control systems has been corroborated by multiple sources, including: the management (namely the Chief Executive Officer's Office) periodically assessing and assuring the Board of the functioning of internal controls; the relevant Board committee responsible for risk management and internal control (namely the Audit Committee) confirming its oversight function and its effectiveness; and the affirmation by the internal audit department of the effectiveness of its functions, which further corroborates the effectiveness of the internal controls over financial reporting.

During the year under review, the Board, through the Audit Committee, reviewed the effectiveness of the Company's risk management and internal control systems. The scope of the review encompassed financial, operational and compliance controls; information disclosure procedures and internal controls; and the adequacy of resources and staff training for the internal audit function. Following a detailed review, no failures or weaknesses in material control (including previously reported but unresolved issues) were identified during the reporting period. Accordingly, no remedial measures are currently required or proposed. The review concluded that the Company's risk management and internal control systems were effective and adequate for the year ended 31 December 2025, with no matters of significant concern relating to financial, operational or compliance controls. The Board conducts such reviews annually.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the GEM Listing Rules.



Environmental, Social and Governance Report

The Group is committed to promote sustainable development, which is extremely important to create long-term value for the Group's shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on the environment and society, strives to set a good example for the public, while conducting business operation. It makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

THE ESG GOVERNANCE STRUCTURE

We consider ESG commitment as a part of our fiduciary duty and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our corporate social responsibility is divided into two components, namely the board of directors (the "Board") and an ESG Taskforce.

The Board holds the overall responsibility on the Group's ESG issues and oversees the ESG strategies, direction and policies. In order to better manage the Group's ESG performance, related issues and potential risks, the Board discusses and reviews the Group's ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG Taskforce. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitates the exchange of best practices with other comparison companies.

The ESG taskforce is composed of core members from different departments of the Group. The ESG taskforce facilitates the Board's oversight of ESG matters and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG taskforce arranges meeting semi-annually to evaluate the effectiveness of current policies and procedures, and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG taskforce discussed the existing and upcoming plans in order to monitor and manage the Group's strategic goals in terms of sustainable development, mitigating potential risks, and minimising the negative impact on our business operations. The ESG taskforce would periodically report to the Board, assist in assessing and identifying the Group ESG risks and opportunities and evaluate the implementation and effectiveness of internal control mechanism.

REPORTING SCOPE

Unless otherwise stated, the ESG Report mainly covers the Group's operation in investment holding located in the PRC principally engaged in the development and provision of business application solutions. The Company operates through two segments. Business Application Project and Application Software segment is engaged in the development and provision of business application project services, including business solutions, application software, installation and maintenance services and data security products. It focuses on medical care sector, intelligent elderly care sector, intelligent surveillance sector, e-politics sector and e-commerce sector, among others. The Sales of Products segment is engaged in the sales and distribution of computers and electronic products and accessories. The Company mainly operates businesses in China, which contributed to the majority of the Group's revenue during the Reporting Period. The Group will continue to assess the major ESG aspects of different businesses of its major subsidiaries to determine the reporting scope of the ESG Report.

Environmental, Social and Governance Report

The reporting boundary is determined according to the corresponding materiality of each entity to our business and operations. Entities outside the scope of the ESG Report can be found in the Annual Report 2025, note 1 to the financial statements.

REPORTING FRAMEWORK

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Information relating to the Group’s corporate governance structure and practices has been set out in the Corporate Governance Report of the Annual Report 2025.

During preparation for this ESG Report, the Group has applied the reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the Report. The materiality of issues was reviewed and confirmed by the Board and senior management. Please refer to the section headed “Stakeholder Engagement” for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in this Report, as well as the applicable assumptions were disclosed. The key performance indicators (“KPIs”) are supplemented by explanatory notes to establish benchmarks where feasible.

Balance: This Report was written in an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.

Consistency: The preparation approach of this Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, and measures being taken during the year ended 31 December 2025.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address stakeholders’ key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to shareholders and investors, customers, tenants, employees, suppliers and subcontractors, government and other regulatory bodies as well as the local community.



Environmental, Social and Governance Report

In formulating operational and ESG strategies, the Group considers stakeholders' expectations by utilising diversified communication channels as shown below:

Stakeholders	Communication channels	Expectations
Shareholders and investors	- Financial reports - Annual general meeting - Company website - Press releases - Investor relations inquiry - Hotline and email	- Business strategy - Financial performance - Corporate governance - Business sustainability
Customers	- Customer service hotline and email - Complaint hotline - Exhibitions	- Quality of the services and products - Timely service
Employees	- Staff performance appraisal - Training - Internal policies - Regular meetings - Surveys	- Rights and benefits - Staff remuneration - Development and training - Working hours - Occupational health and safety
Suppliers and subcontractors	- Business meetings - Quotation and tendering processes - Regular audits and assessments	- Commitments - Payment schedule - Business ethics and reputation
Government and other regulatory bodies	- Statutory filings and notices - Compulsory or voluntary disclosure	- Compliance with laws and regulations - Transparency of internal information
Local community	- Community activities - Sponsorships and donations	- Business ethics - Fair employment opportunity - Environmental protection

The Group aims to collaborate with its stakeholders to improve its ESG performance and continuously create greater value for the wider community.

Environmental, Social and Governance Report

BOARD STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the ESG report of the Group for the year ended 31 December 2025. This report demonstrates our growing commitment to advancing our sustainability performance in areas such as corporate governance, community participation, customer satisfaction, and employee care.

We view ESG commitments as part of our responsibility and are committed to incorporating ESG considerations into our decision-making process. As such, the Group decided to set directional targets for the financial year ending 31 December 2027 (“2027”), which would be a three-year target plan. By setting ESG-related goals, the Group can raise the employee’s awareness of environmental protection and improve its ESG performance continuously.

We believe that a forceful governance structure is of utmost importance to the successful integration and effective management of sustainability at the Company. The Board holds the overall responsibility on the Group’s ESG issues and oversees the ESG strategies, directions and policies. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board analyses and reviews the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitates the exchange of best practices with other comparable companies.

Looking forward, we will continue our efforts to further deepen the integration of ESG concepts internally and externally, implement sustainable management more responsibly, and work together.

Finally, I would like to express my greatest gratitude to the Board, management and staff of the Group for their strenuous contribution in the past year. Furthermore, I would also like to take this opportunity to sincerely thank our customers, suppliers, business partners and shareholders for their continuous support and trust. I believe all members of the Group will dedicate their best effort to drive business growth and to deliver enhanced returns to shareholders.

MATERIALITY ASSESSMENT

The management and staff of the Group’s major operations have participated in the preparation of the Report in order to assist the Group in reviewing its operations, identifying relevant ESG issues and assessing the importance of related matters to its businesses and stakeholders. The Group has compiled a questionnaire with reference to the identified material ESG issues to collect the information from the stakeholders of the Group.

During the Reporting Period, the Group has confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.



Environmental, Social and Governance Report

ENVIRONMENTAL TARGETS

To better manage the Group's material topics and its performance on those aspects, the Group has set some directional targets for the financial year ending 31 December 2027 ("2027"), which would be a three-year target plan.

The table below summarises the Group's sustainability targets for 2027. The Group will continue to review the progress of the set targets every Reporting Period prior to 2024, and will continue to work for the targets set.

Environmental Targets Setting		Status
Emissions	• Reduce emissions intensities by 1% in 2027 compared to 2024	In progress
Waste Management	• Reduce waste intensity by 1% in 2027 compared to 2024	In progress
Energy Consumption	• Reduce electricity and gasoline intensities by 1% in 2027 compared to 2024	In progress
Water Consumption	• Reduce water consumption intensity by 1% in 2027 compared to 2024	In progress

CONTACT US

Please feel free to provide comments and suggestions on this Report or the Group's ESG work performance through email at sunguofang@withub.com.cn.

Environmental, Social and Governance Report

ENVIRONMENT

A1. Policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes

Protecting environment is one of our key concerns; we are committed to protecting environment and focusing on environmental protection in our operation, hoping that through rigorous supervision and control to reduce our long-term negative impact on the environment.

1. *Energy Management*

The indirect greenhouse gas emission, which is generated from our daily electricity power consumption, is the main source of the Group's carbon footprint, we will keep monitoring and disclosing the Company's carbon footprint to find out and control the impact of our daily operation on the environment. At the same time, we will implement the following energy-saving and energy efficiency measures at various office locations to reduce greenhouse gas emission:

- a. Install high-performance electrical equipments
- b. Purchasing department is required to purchase energy-efficient products
- c. Employ automatic lighting control system
- d. Deploy LED lighting on office floors
- e. The employees must turn off light and unnecessary energy device before leaving to reduce energy consumption and avoid unnecessary waste of energy
- f. Deploy natural light as much as possible on office floors
- g. Install auxiliary electricity meter to monitor electricity consumption
- h. Other energy-saving and energy efficiency measures

Our finance department should collect information about the Group's usage of electricity annually for the management to disclose in the Environmental, Social Government report (the "ESG report") in the financial year starts from 1 January 2020.

2. *Waste Management*

In order to lighten the load of landfills, we adopt a responsible waste management policy, including waste avoidance, reducing waste from its source and reuse, recycling and responsible disposal of waste. Our offices should post notices and memos everywhere, encouraging the employees to reduce the production of waste. We have introduced waste separation measures from the start:

- a. Waste paper (excluding paper cup, paper plate, etc.)
- b. Metal (aluminum can and other metal cans)
- c. Plastics (plastic bottle, container and packaging materials)
- d. Other recyclables (such as old cloth, electrical appliance, computer, magazine, etc.)



Environmental, Social and Governance Report

A2. Policy on effective use of resources (including energy, water and other raw materials)

1. Reducing electricity consumption

We will comply with the Group's policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes to reduce electricity consumption.

2. Paper reduction

In order to reduce waste paper, we have developed the following measures:

- a. Deploy recycling bins to collect paper products that can not be reused such as waste paper, poster, letter and envelope
- b. Place recycling bin for waste paper and papers that already printed once next to printer so that you can choose whether put it into the bin or reuse it
- c. Saving paper by double-sided printing
- d. Writing on both sides of papers
- e. Bring your own cup and avoid using paper cup
- f. Reuse stationeries such as file folder and envelope
- g. Reuse packaging box
- h. Other than the waste paper that contains confidential information, waste paper should be shipped to paper mill or scrap paper company so as to be recycled into new paper.

Each year, our finance department shall collect information about the paper products purchased and the waste paper that shipped to scrap paper company or paper mill annually for the management to disclose in the ESG report in the financial year starts from 1 January 2018.

3. Water conservation

In Hong Kong and the PRC, fresh water is a precious resource. We should economize water, try to protect water resource, and for which we have developed the following measures:

- a. Repair dripping faucet and hose in a timely manner
- b. Adopt effective water-saving production methods and instruments
- c. Check water consumption regularly
- d. Minimize water pressure

Environmental, Social and Governance Report

4. Green procurement

Green procurement is based on reducing environmental load. Quality, cost, delivery time are the main focuses when we procure goods or chooses supplier, but other than that, we give priority to environmentally friendly and energy-saving products. We adopt the following measures:

- a. Give priority to energy-efficient products at the highest level
- b. Give priority to effective water-saving products
- c. We require the suppliers to reduce packaging material
- d. Send the message to suppliers that we value environmental protection, energy saving

A3. Policy on mitigating the Group' s significant impact on environment and natural resources

The Group manages and minimizes the impact it may cause on environment, directly or indirectly, through the following methods:

1. Make sure its business operation comply with the environmental law in Hong Kong and its operating locations including the PRC
2. Establish and improve environmental protection mechanism to ensure its operation does not pollute water and land
3. Monitor gas emission and use of resource, establish emission reduction target
4. Make sure that in our daily business operation, with all efforts, we conserve energy, water and other raw materials to reduce direct impact on environment
5. Whenever the Company holds banquet, shark fin is out of question and sustainable seafood should be served. Order reasonable quantity and reduce waste
6. Urge the employees to reduce paper usage and adopt other energy-saving measures
7. Cooperate with government agencies and support environmental organizations' activities



Environmental, Social and Governance Report

Climate-related Issues

Extreme Weather

The increased frequency and severity of extreme weather events such as extreme cold or heat, storms, heavy rains, typhoons can disrupt operations by damaging the power grid or communication infrastructures, obstructing and injuring our employees on the road or during their work. These events could disrupt supply chains, interrupt business operations, and damage Group assets. As countermeasure, the Group will identify these risks and prioritise those that have a serious impact to take precautionary measures in the first place. At the same time, the Group will examine the possibility of a change of business model to reduce or avoid these serious effects on business operations.

Transition Risks

There are more stringent climate legislations and regulations to support the global vision of decarbonisation. For instance, the Stock Exchange has required the listed companies to enhance the climate-related disclosures in their ESG reports. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The Company's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response. Besides, we have set targets to reduce our energy consumption and emissions during 2025.

SOCIETY

Employment and Labor Convention

Employee is an important asset of the Company, we care about their well-being, respect their personal traits, make sure that all employees are subject to legislative protection and have equal opportunity in their career path, also, we strive to increase their sense of belonging.

Environmental, Social and Governance Report

B1. Policy on salary, dismissal, recruitment and promotion, working hours, day off, equal opportunity, diversity, anti-discrimination and other benefits and welfare

1. Salary

We offer competitive pay and benefits to our employees according to their job requirement and individual performance. We will annually review the overall salary and benefits of employee to ensure its competitiveness in local market, and we will also refer to the relevant industries and similar organizations. Each year, our KPIs will provide direction and guidance to the employees' individual work plan. We also assess the achievements and contributions of the employees to appraise and reward them.

2. Dismissal

We ensure that all employees are protected the applicable employment laws, including:

- a. Whenever an employee resigns or is being laid off, human resources department should interview him or her before quitting to find out the reason of quitting;
- b. The human resources department is required to issue employment verification document to the dismissed employee;
- c. When the employer terminates an employee's employment contract, the dismissed employee shall be given due notice or wages in lieu of notice, and the notice should not be given during his or her paid annual leave and maternity leave;
- d. An employee cannot be dismissed when she has been confirmed pregnant and given notice of pregnancy;
- e. An employee cannot be dismissed when he or she takes a paid sick leave;
- f. An employee cannot be dismissed due to he or she gives evidence or information in any legal proceeding relating to enforcement of labor laws, industrial accident or breach of work safety regulation;
- g. An employee cannot be dismissed due to he or she joins in labor union or participates in labor union activities; and
- h. If an employee is injured on duty, if a compensation agreement has not yet been reached or the relevant evaluation certificate has not yet been issued, the employee cannot be dismissed.

3. Recruitment and promotion

In the Group, recruitment and promotion should be fair and open for all employees, and cannot be affected by age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation and other factors, the employees will be recognized and rewarded by their contribution, work performance and skills, and provide them with good working environment and development opportunity.



Environmental, Social and Governance Report

4. Working hours and day-off

The employees shall enjoy deserved days-off under the applicable laws and regulations. Employees in Hong Kong are entitled to enjoy the following days-off:

- a. Each employee can take a day off in every 7 days during his or her tenure;
- b. If the day-off falls on a statutory holiday, compensatory time off shall be offered on the following day;
- c. Manager can ask employee to work on the day off, but employee can choose not to. If the employee agrees, a day off can be arranged in other time, but the said day off shall be planned before the scheduled day off in the same month, or within 30 days after it;
- d. Statutory holidays;
- e. Paid annual leave prescribed by employment contract;
- f. Sick leave;
- g. Female employee can take maternity leave so long as she complies with the continuous contract to serve the employer and give notice of pregnancy before the leave; and
- h. Maternity leave cannot be substituted by wage.

5. Policy on equal opportunity, diversity, anti-discrimination and other benefits and welfare

Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance must be complied with, equal opportunity must be provided on recruitment, training, promotion, transfer, remuneration, benefits and termination of contract. Such opportunities shall not be affected by factors such as age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation.

B2. Policy on safe working environment and safeguarding the employees from occupational hazards

We are committed to protecting the health and safety of the employees and the community, we require all employees to comply with all relevant occupational health and safety regulations, and do our utmost to provide them with safe and healthy working environment, as a result, we have implemented the following policies:

1. Develop internal guidelines to ensure that office and work environment is in line with or higher than the requirements of relevant laws;
2. Establish safety procedures for the recognized dangerous work;
3. Provide necessary protective equipment and medical insurance to the employees;
4. Provide and ensure that office and working environment is healthy and safe, regularly check machinery and equipment;
5. Establish emergency measures such as fire or explosion emergency plan;
6. Regularly arrange rescue, fire and evacuation drills;

Environmental, Social and Governance Report

7. Establish mechanism to record industrial injury and analyze the cause;
8. Provide and maintain an environmental-friendly, healthy and safe working condition;
9. Unless prior approval, purchasing and using alcoholic beverage and illegal drugs is prohibited in the workplace;
10. Actively promote environmental protection, health and safety awareness of the employees, and support development of environmental protection, health and safety in the industry; and
11. Provide all employees with needed job information, guidance, training and supervision.

B3. Policy on improving the employees' knowledge and skills to perform their responsibilities

Talent development is an important part of our human resource strategy. We understand that the employees' knowledge and skills are essential to the Company's operation and business growth, good development plan lays a good foundation for the employees to face business challenge in the future, it also helps them to grasp promotion opportunities, fulfill their career aspirations. We provide the employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills; we also nurture outstanding successors for the Group and breed academic atmosphere. The Group conducts performance evaluation annually, and based on the assessment result to provide the staff with appropriate training, and offer job, development and promotion opportunities for outstanding employees. Under the Group's Human Resource Management System requirements, Manager of our human resources department is responsible for carrying out related assessment and training.

B4. Policy on preventing child labor or forced labor

The Group firmly adopts a zero-tolerance policy on child labor and forced labor, such conduct is prohibited by international standard and relevant domestic legislation and shall never be tolerated in here. In any part of the business process (including our suppliers or subcontractors), child labor or forced labor is not allowed. We see child labor or forced labor as a serious crime. The following is the policy on preventing child labor or forced labor:

1. Child labor refers to employment of people under 16 years of age, if any country or region in which the subsidiary of the Company locates/operates has a more stringent definition of child labor, the definition shall prevail;
2. Forced labor refers to people who provide labor or service against their will and under the threat of punishment;
3. The hired employees must be at least 16 years of age, the Group shall never recruit child labor and forced labor, and if it knows child labor or forced labor exists in its suppliers or subcontractors, the Group will not conduct business with them anymore;
4. The employees under 18 may not engage in any possible hazardous work and prohibited to work at night, because it might affect their education;
5. Before hiring any job applicant, HR should take effective procedures to verify their age. HR should check documents that prove the age of the applicant, including government-issued photo identification and birth certificate, driver's license, household register, academic certificates or any other credentials that prove the date of birth. And HR must ensure that the applicant's looks is consistent with the photograph on the ID card;



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6. HR department should carry out prevention training about child labor and forced labor, especially those responsible for recruitment;
7. If employment of child labor under the legal minimum age is found in the Group, we will see to the best interests of the child, and take the following measures in line with relevant legislations:
 - a. Take the child away from workplace immediately, ensure the safety of the child;
 - b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the child under 16 years of age, sever labor relations with the child, notify the local social welfare institution, and take remedial measures to protect the child's best interest;
 - c. Send the child to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the child's physical and mental health, and conduct investigation to fully understand the child's situation;
 - d. When the child reaches legal minimum age for employment, we will provide the child with re-employment opportunity; and
 - e. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.
8. If forced labor is found in the Group, we will take the following measures in accordance with the requirements of the relevant legislation:
 - a. Take the labor away from workplace immediately, ensure the safety of the labor;
 - b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the person is subject to compulsory labor;
 - c. Send the labor to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the labor's physical and mental health, and conduct investigation to fully understand the labor's situation; and
 - d. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.

OPERATING PRACTICE

B5. Policy on controlling environmental and social risk in supply chain

We attach importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We will take a fair and open principle on procurement of materials and services. We will only cooperate with the suppliers that share common moral values and standards with us, the Company also supports and encourages the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility:

1. We advocate the principle of fair and open competition, and based on mutual trust, we develop and maintain long-term relationships with the suppliers and contractors;

Environmental, Social and Governance Report

2. We have strict ethical standards in procurement of materials and services to ensure the quality of the finished products and maintain the continued confidence of the clients, suppliers and general public on the Group;
3. We review our suppliers, assess them based on price, quality, suitability and demands, only those being rated as qualified are our approved suppliers, we only purchase from the approved suppliers;
4. We conduct follow-up assessment on the suppliers, and, if necessary, review them through a third party organization. When a supplier is found to be inconsistent with the Company's policy or contractual requirements, the Company will terminate future cooperation until the situation has been improved;
5. In an unprejudiced way, we choose appropriate, capable and responsible suppliers;
6. Support and encourage the suppliers to improve their environmental products and services, and their employees' benefits and protection;
7. The suppliers must comply with the relevant laws, regulations and contractual obligations; and
8. We shall adopt effective monitoring and management system to detect and prevent bribery, fraud or other misconducts in procurement and bidding processes.

B6. Policy on health, safety, advertising, labeling, privacy and remedies of the products and services

Health and safety of products and services

We are committed to providing the customers with high-quality products and services and settling customer complaints effectively, continuously improving service level and ensuring customer satisfaction.

1. Make sure that the products and services comply with related laws and guidelines;
2. Provide the customers with accurate product information and high-quality products, and develop recovery policy and after-sale service for related products;
3. If there is a problem with a product, we will take the initiative to explain the problem and find a mutually satisfactory solution for the customers; and
4. After handling a customer complaint, a document should be archived properly, and the relevant department shall review the complaint and develop measures to prevent the recurrence of similar complaints, so that the Company's service quality keeps improving.

Advertising, labeling and protection of customer information

Customer information will only be used for business purpose, not for other unrelated purposes. All employees should handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements of the Personal Data (Privacy) Ordinance.



Environmental, Social and Governance Report

B7. Policy on preventing bribery, extortion, fraud and money laundering

Ethics and integrity is the cornerstone of the Company's success, the Company adopts a Zero Tolerance approach to bribery, extortion, fraud and money laundering, in their daily work, the directors, management and staff must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above policies on prevention of bribery, extortion, fraud and money laundering, but also have obligation to report violation to the fit and appropriate person. Any person, who contravenes the regulations, will be subject to disciplinary sanction. We will make every effort to protect the informer and received information. However, if an informer's intention is to harm others, they may be subject to disciplinary punishment.

1. *Soliciting or accepting benefit*

Any employee (including the directors, management and all full-time, part-time, hourly, temporary workers) cannot directly, indirectly, or in any form, solicit or accept any form of benefits or do anything that might be seen as bribe from a third party, including, but not limited to, money, gift, excessive entertainment and hospitality, subsidized travel and accommodation, loan, pledging as guarantor, extending preferential credit terms, fee, reward, position, employment, contract, service, privilege, exemption of all or part of the responsibilities that ought to be fulfilled. The employees should reject any direct or indirect interests and benefits relating to the Group's business, should such benefits being accepted, their objective attitude would hamper, or the interests of the Company would be harmed or invaded, or causing bias or misconduct.

In social events such as festivals, activities, entertainments and other daily routine, refusing to accept a modest gift may be considered impolite or lack of social grace, with that in mind, under the following principles, the employees may consider accepting benefits on a voluntary basis:

- a. Receiving related benefits will not affect performance and decision of the employee;
- b. The employee will not feel the need to reciprocate;
- c. The employee can openly discuss the benefits;
- d. Holiday or banquet gift, prize or souvenir, its value shall not more than HKD500.

For gift, prize or souvenir worth more than HKD500, the employee shall file a declaration form, if the employee has questions about admissibility of the related benefits, he or she could consult HR manager or general manager.

If the Company finds out any employee's inappropriate behavior of soliciting or accepting benefits, it will call the police and terminate labor relations with the employee.

Environmental, Social and Governance Report

2. *Providing benefits*

In any case, any employee shall not provide bribe or improper benefits to any person or organization in order to seek personal gain or group interests. If the Company finds out any employee has conducted bribery, it will call the police and terminate labor relations with the employee.

3. *Extortion*

Any person who seeks for benefit for his own or another person, or with intent to cause loss to another person, and makes any unwarranted demand by extortion, such conduct shall be considered as extortion. All employees shall not participate in, assist, cover up any kind of extortion, if the Company finds out any employee has conducted extortion, it will call the police and terminate labor relations with the employee.

4. *Fraud*

Any person, who uses any means of deception to benefit himself or another person, or with intent to cause loss to another person, such conduct shall be considered fraud, the common employee fraud includes embezzlement, wage fraud and stealing company assets. All employees shall not participate in, assist, cover up any fraud, if the Company finds out any employee has conducted fraud, it will call the police and terminate labor relations with the employee.

5. *Money Laundering*

Money laundering refers to an individual or institution attempts to conceal the source of illicit money, or makes such money look legitimate in any way. The Company will not tolerate any employee conduct, assist, and support any form of money laundering.

The Company should establish an anti money laundering team, general manager should be the team leader and responsible for organizing the anti money laundering team. The team's main responsibilities include organizing, implementing anti money laundering task, follow-up and investigating reported money laundering, arranging anti money laundering training, working with regulatory and judiciary authorities to investigate suspicious transactions of funds, as well as paying attention to requirements and updates in anti money laundering laws and regulations.

Anti money laundering procedures include identifying clients, keeping transaction record, reporting and follow-up investigating of suspicious transaction, and anti money laundering training.



Environmental, Social and Governance Report

a. Identifying clients

In the development of clients, sales people must establish a high degree of awareness of anti money laundering, through communication with prospective clients to comprehensively grasp the clients' basic information, running the first check on the clients. After successful client acquisition, regular contact is required to grasp the clients' updates. If an abnormal situation occurs, the sales person needs to timely communicate with the relevant departments.

b. Keeping transaction record

Sales people and accounting personnel should keep customer identification information, including registering customer identification and related information, all sorts of records and information reflecting payment authority's customer identification process, and keep transaction records such as each transaction's information, business voucher, ledger and documents reflecting real situation of each transaction and other relevant information to ensure that each transaction is traceable.

c. Reporting and follow-up investigating of suspicious transaction

Sales people and accounting staff, should they find out a suspicious transaction, they would need to report such transaction immediately to the corporate headquarter. The headquarter analyzes and investigates all suspicious transaction reported, if there are reasonable grounds to believe that the transaction or the customer has ties with money-laundering, terrorism and other criminal activities, the HKSAR Government JFIU should be notified.

d. Anti money laundering training

All employees should attend in anti money laundering training at least once a year, the training includes the danger of money laundering, anti money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, ways to report suspicious transaction, the consequences if one fails to comply with anti money laundering regulations.

Environmental, Social and Governance Report

COMMUNITY

B8. Policy on finding out the needs of the community, at which the Company operates, by means of community involvement, and ensuring that its business activities will take into account the interests of the community

For the Group's long-term development, community participation is important, we are committed to promoting development and construction activities of the community, at which we operate. We benefit the community through a variety of actions, such as investment, contributing money, time, products, services, influence, management knowledge and other resources.

We participate in community building through three main ways:

1. Organize, facilitate and support the staff to take part in volunteer services, such as regularly visiting people who need help, arranging outdoor activities for disadvantaged groups, holding Blood Donation Day.
2. By means of donation, we donate money, goods or services, directly supporting or funding projects of various social service agencies. In addition to donation itself, we also appeal to the Company's stakeholders (including the employees and customers) to donate to charity organization.
3. We endeavor to provide employment opportunities for the disadvantaged and create a win-win situation. The Company is willing to hire the people or disabled people who have completed retraining courses, and give priority to purchasing from the suppliers who hired the said people, or participate in a variety of mentorship programs.



Environmental, Social and Governance Report

KEY PERFORMANCE INDICATORS

The Group mainly engages in computer network and internet security integration, application software development, building intelligent system integration and IT products sales agency. Hence, the emission relating to air and greenhouse gas emissions, discharges into the water and land, as well as generation of hazardous and non-hazardous wastes are minimal in 2025. This also means that there is no direct emission of gaseous fuel consumption and other pollutants regulated under the national laws and regulations, discharging pollution through water and land by the principal activities of the Group. There is also no disposal of products and packaging materials by the principal activities of the Group.

DIRECT EMISSIONS (SCOPE 1)

AIR POLLUTANTS

Fuel consumption by motor vehicles are the major source of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") emissions. Relevant data for the years ended 31 December 2025 and 2024 were as follows:

	Year ended 31 December 2024	Year ended 31 December 2025
NOx	25,285.74 (g)	16,201.35 (g)
SOx	4,324.44 (g)	2,789.77 (g)
PM	2,354.25 (g)	1,508.44 (g)

GREENHOUSE GAS EMISSIONS

Greenhouse gas comes from all sorts of daily activities, such as the use of electricity, water and gas as well as the combustion of fuels in motor vehicles. Total greenhouse gas emissions include carbon dioxide ("CO₂") and other greenhouse gases, such as methane ("CH₄") and nitrous oxide ("N₂O"). The Group strives to reduce burning and improve energy and resource use efficiency in its daily operation so as to manage its greenhouse gas emissions.

The combustion of fuels in motor vehicles cause the direct emission of greenhouse gas. Relevant data for the years ended 31 December 2025 and 2024 were as follows:

	Year ended 31 December 2024	Year ended 31 December 2025
CO ₂	4,324.44 (kg)	2,789.77 (kg)
CH ₄	90,813.34 (kg)	58,585.26 (kg)
N ₂ O	1,340,577.83 (kg)	864,830.06 (kg)

INDIRECT EMISSIONS (SCOPE 2)

The electricity consumption of the Company which mainly comes from the daily operation of the office, which cause the indirect emission of greenhouse gas of CO₂. Indirect CO₂ emissions from electricity purchased from power companies was 124,804.58 kg for the year ended 31 December 2025 (2024: 148,576.89 kg).

Environmental, Social and Governance Report

For water consumption, electricity used for sewage processing by sewage processing companies cause the indirect emission of greenhouse gas of CO₂. 2,047.76 kg CO₂ have been emitted for the year ended 31 December 2025 (2024: 1,422.14 kg).

HAZARDOUS WASTE PRODUCTION

According to the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》) which was formulated in accordance with Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) by the Ministry of Environmental Protection the People's Republic of China (中華人民共和國環境保護部), printing inks are classed as hazardous waste.

The disposal of printing inks produced by the Company contributed to the total amount of hazardous waste of the Company. Relevant data for the years ended 31 December 2025 and 2024 were as follows:

	Year ended 31 December 2024	Year ended 31 December 2025
Hazardous waste per printer	0.0131 (tonnes)	0.0130 (tonnes)
Intensity of hazardous waste	0.00131	0.0013

NON-HAZARDOUS WASTE PRODUCTION

Daily commercial wastes constitute the production of non-hazardous waste of the Company. Relevant data for the years ended 31 December 2025 and 2024 were as follows:

	Year ended 31 December 2024	Year ended 31 December 2025
Domestic waste	8 (tonnes)	8 (tonnes)
Intensity of non-hazardous waste	4	4

The Group is wholly committed to the policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste as set out in this ESG report in the annual report in order to mitigate such pollution.

ENERGY CONSUMPTION

The daily energy consumption of the Group mainly comes from purchased electricity. For the year ended 31 December 2025, the intensity of energy consumption was 50,774.85 (2024: 60,446.26).



Environmental, Social and Governance Report

WATER CONSUMPTION

The total water consumption of the Group mainly consists of domestic sewage. For the year ended 31 December 2025, the intensity of water consumption was 833.10 with the stable water supply under the regulation by Shanghai Water Authority of Shanghai Municipal Oceanic Bureau (上海市水務局) (2024: 578.58).

The Group is wholly committed to the policies on the efficient use of resources as set out in this ESG report in the annual report in order to reduce the consumption of energy and water.

The daily operation of the Group does not have material impact on the environment and natural resources. The Group will continue to be wholly committed to the policies on minimising its significant impact on the environment and natural resources as set out in this ESG report in the annual report in order to safeguard the environment and natural resources.

Total employees

The Group had a total number of 70 full-time employees as at 31 December 2025, all employees were located in China. During the year ended 31 December 2025, the Group adjusted the number of employees that was suitable for its business needs.

Set forth below is the Group's employee turnover rate by gender, age group and geographical region:

Category	For the year ended 31 December 2024	For the year ended 31 December 2025
By gender		
Male	79%	68%
Female	21%	32%
By age group		
30 or below	22%	17%
31-40	34%	25%
41-50	22%	41%
51 or above	22%	17%
By geographical region		
China	100%	100%

Environmental, Social and Governance Report

Set forth below are the distribution of the Group's employees as at 31 December 2025 by gender and age group:

Category	Number of employees	Percentage
By gender		
Male	45	65%
Female	25	35%
By age group		
30 or below	9	13%
31-40	19	27%
41-50	29	41%
51 or above	13	19%

Development and training

The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which were identified annually by individual departments:

- Orientation training – To familiarise employees with the Group's objectives, culture, rules and regulations, safety and product-related knowledge on the first day of work;
- Pre-job training – To familiarise new employees or transferred employees with their new duties;
- On-the-job training – To ensure that the employees are familiar with the Group's products, to sharpen the sales technique and customer service standard of sales and marketing personnel and to ensure the production and quality control personnel perform proper quality control procedures.



Environmental, Social and Governance Report

Set forth below is the number and percentage of training hours completed by the Group's employees by gender and employee category:

For the year ended 31 December 2025				% of training hours by employee category
Employee category	Male training hours	Female training hours	Total training hours	
Senior management	86	42	128	12%
Middle management	261	96	357	35%
Other employees	355	183	538	53%
Total	702	321	1,023	100%

% of training hours by gender	68%	32%	100%
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For the year ended 31 December 2024				% of training hours by employee category
Employee category	Male training hours	Female training hours	Total training hours	
Senior management	83	35	118	12%
Middle management	256	90	346	35%
Other employees	351	178	529	53%
Total	690	303	993	100%

% of training hours by gender	69%	31%	100%
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Environmental, Social and Governance Report

Supply chain management

The Group purchases raw materials and equipment based on its own needs, specifications, quality and safety performance of equipment, reputation, after-sales service and delivery time of the supplier. The Group compares different suppliers to select qualified suppliers (based on their product specifications, product compliances, production management, quality management, environmental friendliness and also corporate social responsibility performances) before the Group enters into contract with the qualified suppliers.

When selecting equipment, the Group would also consider whether the equipment is energy efficient and environmental friendly. During the year ended 31 December 2025, all of the Group's 186 suppliers were situated in the PRC.

The Group expects its suppliers to uphold the ESG principles that the Group has adopted into the management of its business operations. In order to ensure that the components and raw materials meet the requisite safety and quality standards, the Group adopts stringent criteria in supplier selection (including but not limited to whether they provide high quality raw materials, whether they maintain a high standard on environmental protection and comply with relevant laws on environmental issues, whether price is comparable to market rate and location of their factories) and continuously monitors existing suppliers on an annual basis, based on criteria such as product quality, product defect ratio, delivery punctuality ratio and responsiveness.

Whether the supplier will continue to be included in the Group's list of approved suppliers depends on the marks it achieved under annual evaluation. The awareness of environmental protection is one of the key criteria for the Group to evaluate the suppliers.

Product assurance and recall

Product quality is crucial to the Group's continued success. The Group places strong emphasis on achieving a consistently high quality for its products. To achieve such purpose, stringent quality control measures throughout the production process were implemented to ensure the quality and safety of our products. The Group's quality control department performs regular inspections to evaluate the effectiveness of the quality control measures and further enhance these measures when necessary.

During the year ended 31 December 2025, the Group did not experience any product recall, material non-compliance with laws and regulations in relation to product health and safety or receive any material complaints from consumers.



Environmental, Social and Governance Report

Intellectual Property Rights and Information Security

The Group registered various trademarks for the Group itself and its products in the PRC to foster its corporate image. The Group relies on the relevant laws and regulations to protect its brand names, trademarks and other intellectual property rights.

During the year ended 31 December 2025, the Group was not aware of any material infringement by the Group of any intellectual property rights owned by any third parties. Further, there were no pending or threatened material claims made against the Group with respect to the infringement of intellectual property rights owned by the Group.

Anti-corruption

According to the Group's anti-corruption policy, all employees shall abide by the laws and regulations of the PRC and shall not engage in any illegal activities. Employees shall uphold the code of ethics, advocate fair competition and act against bribery. Any bribery, fraud, money laundering and embezzlement are prohibited.

Employees must not accept or request any improper benefits including banquets, gifts, securities, valuables and high-expenditure entertainment activities from business partners, suppliers and merchants, etc. When there is any alleged case in violation of laws, regulations, code of conduct or Group's policies, the Group will investigate and impose disciplinary actions upon offenders after verification. Directors and employees received training from time to time to ensure that they comply and familiar with the anti-corruption guides, policies and procedures of the Group.

During the year ended 31 December 2025, the Group complied with all applicable laws on prohibiting corruption and bribery of the PRC and there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

Report of the Directors

The Board of Directors is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal Activities

The Group is principally engaged in the development and provision of business application solutions. The Company operates through two segments. Business Application Project and Application Software segment is engaged in the development and provision of business application project services, including business solutions, application software, installation and maintenance services and data security products. It focuses on medical care sector, intelligent elderly care sector, intelligent surveillance sector, e-politics sector and e-commerce sector, among others.

Business Review

The business review of the Group for the year is set out in the sections of Chairman's Statement, Management Discussion and Analysis, Environmental, Social and Governance Report, Five-year Financial Summary and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. No important event affecting the Group has occurred since the end of the financial year under review.

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.



Report of the Directors

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Most businesses related with software development of the Group mainly involve labor cost and do not involve any long-term supplier. The business relationship between our major suppliers and the Group lasts for about one year on an average basis and they mainly locate in Eastern China. Suppliers are mainly determined based on the actual conditions of projects. In order to regulate prices, the purchase of necessary consumables shall be conducted through network platforms such as JD.COM. The payment term granted by offline suppliers is generally 30-90 days or depends on actual conditions, and payables usually shall be settled by wire transfer within the payment term. Details of the trade payables of the Group as at 31 December 2025 are set out in Note 5.15 to the financial statements.

During the Reporting Period, the Group did not have any significant dispute with our major suppliers.

Our major customers include public security bureaus, state-owned enterprises and institutions and courts, such as Shanghai Municipal Big Data Centre, Shanghai DS Communication Devices Co., Ltd., Xuhui Branch of Shanghai Municipal Public Security Bureau, Shanghai Construction No. 7 (Group) Co., Ltd., China UnionPay Merchant Services Co., Ltd., Minsheng Life Insurance Company Ltd., Zhejiang SWIN Culture and Creativity Co., Ltd., Fengxian Branch of Shanghai Municipal Public Security Bureau, Shanghai Electric Power and Communication Co., Ltd. and Wuning County People's Court of Jiujiang Municipality. The terms of business relationship with the Group range from 3 to 10 years and the credit terms granted to major customers shall be within 6 months. Depending on different projects, advances also can be paid before the construction commences. Details of the trade receivables of the Group as at 31 December 2025 are set out in Note 5.3 to the financial statements.

During the Reporting Period, the Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material dispute with our customers.

The Group is aware that receivables are potential risks. In order to cope with this uncertainty, the Group mainly adopts the policy of prepayments and hardly participates in advances of projects. Construction process control shall be adjusted based on the payments of contract amounts of customers.

Report of the Directors

Major Customers and Suppliers

During the year under review, the Group's sales to the five largest customers accounted for 65.40% of the Group's turnover for the year, of which the largest customer accounted for 21.47% of the Group's turnover for the year.

Purchases from major suppliers accounted for the following percentages:

The largest supplier:	9.60%
Total percentage of the five largest suppliers:	34.96%

Save as disclosed above, as far as the Directors are aware, neither the Directors or their close associates nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued capital) and management shareholders had any material interest in the five largest customers and five largest suppliers.

Results

The Group's results and financial position for the year ended 31 December 2025 are set out in the annual report on pages 68 to 198.

Dividends

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2025.

Financial Summary

A summary of the results and assets and liabilities of the Group for each of the five years ended 31 December 2025 is set out on page 199 of the annual report.

Plant and Equipment

Details of the movements in the plant and equipment of the Group during the year are set out in note 5.11 to the notes to the financial statements.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 5.21 to the notes to the financial statements.

EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the financial year or subsisting at the end of the year are set out below:

Share Option Scheme

The Company conditionally adopted a share option scheme (the "Share Option Scheme") by a resolution of all shareholders of the Company on 7 July 2002. The Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.



Report of the Directors

The maximum total number of H shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30 percent of the H shares in issue from time to time. The total number of H shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 13,200,000 H shares, being 10 percent of issued H shares. The total number of H shares issued and which may fall to be issued upon exercise of the options granted or to be granted under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period up to the date of grant shall not exceed one percent of the H shares in issue for the time being (the “Individual Limit”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders’ approval in general meeting of the Company with such grantee and his associates abstaining from voting.

An option may be accepted by a participant within 21 days from the date of grant of the option. No eligible participants who are PRC nationals and have taken up any options to subscribe for H shares shall be entitled to exercise any such options until the current restrictions imposed by the relevant PRC laws and regulations restricting PRC nationals from subscribing for and dealing in H shares or any laws or regulations with similar effects (the “H Shares Restrictions”) have been abolished or removed. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The subscription price for H shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (aa) the closing price of the H shares on GEM as stated in the Stock Exchange’s daily quotations on the date of the offer of grant, which must be a business day; (bb) the average closing price of the H shares on GEM as stated in the Stock Exchange’s daily quotations for the five trading days immediately preceding the date of the offer of grant; and (cc) the nominal value of the H shares.

The Share Option Scheme of the Company has become invalid on 6 July 2012. As at the date of this report, there are no outstanding share options and no shares are available for issue under the Share Option Scheme.

Reserves

Details of movements in the reserves of the Company during the year are set out on page 151 and in note 5.25 to the notes to the financial statements.

Report of the Directors

Reserves and Distributable Reserves

Details of movements in the reserves of the Company during the year are set out on page 151 and in note 5.25 to the notes to the financial statements.

As at 31 December 2025, the distributable reserve of the Company in deficit was RMB120,425,704.85 (2024: the distributable reserve of the Company in deficit was RMB111,004,920.56). Details of distributable reserves of the Company during the year are set out in notes 5.25 to the notes to the financial statements.

Retirement Benefits

The employees of the Group are required to participate in a central pension scheme (the “Defined Contribution Schemes”) operated by the local municipal government, to which the Group is required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Defined Contribution Schemes. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group’s contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2024 and 31 December 2025, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2024 and 31 December 2025.

For each of the two years ended 31 December 2024 and 31 December 2025, the Group did not have any defined benefit plan.

Details of the retirement benefit scheme of the Group are set out in note 5.17 to the notes to the financial statements.



Report of the Directors

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Zhang Xiaobo	(Chairman)
Mr. Li Yan	(Vice Chairman) (Appointed on 20 June 2025)
Mr. Ma Renchao	(Appointed on 20 June 2025)
Ms. Pan Mengran	(Appointed on 20 June 2025)
Mr. Lu Taiyi	(Appointed on 20 June 2025)
Mr. Sun Jingchen	
Mr. Shuai Ge	(Resigned on 20 June 2025)
Mr. Hu Lunjie	(Resigned on 20 June 2025)
Ms. Gu Xiaomin	(Resigned on 20 June 2025)

Independent Non-Executive Directors

Mr. Yuan Shumin	
Mr. Liu Feng	
Ms. Li Jing	(Appointed on 20 June 2025)
Mr. Zhou Guolai	(Resigned on 20 June 2025)

Supervisors

Mr. Qin Yanming	(Appointed on 20 June 2025)
Ms. Feng Liping	(Appointed on 20 June 2025)
Ms. Huang Peirong	(Appointed on 20 June 2025)
Ms. Sun Guofang	
Mr. Yang Binghua	
Mr. Rong Yinsheng	(Resigned on 20 June 2025)
Mr. Yang Qing	(Resigned on 20 June 2025)
Ms. Sun Yunyun	(Resigned on 20 June 2025)

According to the provisions of the Articles of Association, the terms of service of all the Directors and the Supervisors are three years. All Directors and the Supervisors (except the representative of the employees) are subject to re-election at a general meeting upon the expiration of their terms of service.

Directors' and Supervisors' Service Contracts

The Company did not enter into any service contract with each of the executive Directors, independent non-executive Directors and Supervisors.

None of the Directors or supervisors of the Company has or is proposed to have a service contract with the Company (other than contracts expiring or determinable by any member of the Company within one year without payment of compensation, other than statutory compensation).

Report of the Directors

Indemnity of Directors

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

Directors', Supervisors' and Senior Executives' Emoluments

Details of the Directors', Supervisors' and senior executives' emoluments and the highest paid individuals are set out in note 12.4 to the financial statements.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Arrangement for Directors, Supervisors' and Chief Executives to Purchase Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director, supervisors' and chief executives of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, supervisors' and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.



Report of the Directors

Substantial Shareholders' and Other Persons' Interests and Short Position in Shares and Underlying Shares in the Company

A. Substantial shareholders

As at 31 December 2025, the following shareholders (other than the Directors and the Supervisors (as if the requirements applicable to the Directors under the SFO had applied to the Supervisors) of the Company) had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10 percent or more of the Shares:

Name of shareholders	Capacity and nature	Number and class of shares (Note 1)	Approximate percentage of interest
State-owned Assets Supervision and Administration Commission of Shanghai	Interest of a controlled corporation (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Industrial Investment Management (Group) Limited	Beneficial owner	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Company Limited	Beneficial owner	60,000,000 domestic shares (L)	12.50%
Xuhui District Industrial Association	Interest of a controlled corporation (Note 3)	60,000,000 domestic shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%
Shanghai Technology Venture Capital Management Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%

Notes:

- The letter "L" represents the entity's interest in the shares of the Company.
- These 114,000,000 domestic shares are registered and owned by Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial") (Shanghai Jiaoda Science and Technology Park Limited transferred these domestic shares to Jiaoda Industrial at the end of June 2020). 90% of registered capital of Jiaoda Industrial is owned by the State-owned Assets Supervision and Administration Commission of Shanghai. State-owned Assets Supervision and Administration Commission of Shanghai is deemed to be interested in the aggregate of 114,000,000 domestic shares held by Jiaoda Industrial under the SFO.
- These 60,000,000 domestic shares are registered and owned by Shanghai Xin Xuhui (Group) Company Limited, the registered capital of which will be owned as to approximately 88.57% by Xuhui District Industrial Association after the completion of certain capital reorganisation as referred to in the Prospectus. Xuhui District Industrial Association is deemed to be interested in the 60,000,000 domestic shares held by Shanghai Xin Xuhui (Group) Company Limited under the SFO.

Report of the Directors

B. Other persons who are required to disclose their interests pursuant to Division 2 and 3 of Part XV of the SFO

As at 31 December 2025, save for the persons/entities disclosed in sub-section A above, the following persons/entities had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Capacity and nature	Number and class of shares (Note)	Approximate percentage of interest
Chen Jianbo	Beneficial owner	24,300,000 domestic shares (L)	5.06%

Note: The letter "L" represents the entity's interest in the shares of the Company.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision 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.

Board Practices and Procedures

Throughout the year ended 31 December 2025, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in the annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director, a supervisor and any of their connected entity had a material interest, subsisted at the end of the year or at any time during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

Closure of Register of Members

The register of members of the Company will be closed from 23 May 2026 to 22 June 2026 (both days inclusive), during which no transfer of shares will be effected. The holders of shares whose name appears on the register of members of the Company on 22 June 2026 (the record date) will be entitled to attend and vote at the annual general meeting. In order to qualify for attending and voting at the above meeting, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on 22 May 2026.



Report of the Directors

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025.

Competing Interests

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Company.

Pre-Emptive Rights

Pursuant to the Articles of Association of the Company and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

Public Float

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by the public as at the date of the annual report.

Audit Committee

The Company established an Audit Committee on 7 July 2002 with written terms of reference. The Audit Committee comprises the three independent non-executive Directors, namely Mr. Yuan Shumin, Mr. Liu Feng and Ms. Li Jing.

The Company's consolidated financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee, who gave advice on such statements to the Board. The financial reporting system, risk management and internal control systems of the Company have also been reviewed by the Audit Committee, who were of the opinion that no further improvement was required for the time being. During the year, the Audit Committee has held four formal meetings.

Auditor

ShineWing Certified Public Accountants (Special General Partnership) will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Mr. Zhang Xiaobo

Chairman

Shanghai, the PRC, 27 March 2026

Auditors' Report



To shareholders of Shanghai Jiaoda Withub Information Industrial Company Limited:

I. AUDITORS' OPINIONS

We have audited the financial statements of Shanghai Jiaoda Withub Information Industrial Co., Ltd. (hereinafter as the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, the consolidated and the Company's income statements, cash flow statements and statements of changes in shareholders' equity for 2025 and the related notes to these financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2025, the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. BASIS OF OPINIONS

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company's in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

III. KEY AUDIT MATTERS

Key audit matters are the most significant issues identified by our professional judgment during the audit of the current period's financial statements. Our approach to addressing these matters is based on the audit of the financial statements in their entirety and the formation of our audit opinion. We do not express separate opinions on these matters.



Auditors' Report

The key audit matters identified during our audit are as follows:

1. Revenue Recognition

Key audit matters	How this matter was addressed during the audit
As of December 31, 2025, Jiaoda Withub Company achieved a revenue of RMB75,472,226.94, including RMB54,713,332.05 (accounting for 72.49%) from business solutions and application software services, and RMB18,155,903.57 (accounting for 24.06%) from the installation and maintenance of network and data security products. According to Jiaoda Withub Company's revenue recognition policy (detailed in Note 3.20 of the financial statements), the company recognizes revenue for such transactions based on the progress of performance. Sales revenue from electrical appliances and accessories amounted to RMB2,207,266.57 (accounting for 2.92%), with the company engaging in such transactions. We have identified the recognition of revenue based on the progress of performance as a key audit matter because this type of revenue is one of the company's key performance indicators. It involves management's accounting estimates and judgments, which carry inherent risks due to the potential for incorrect recording in the wrong accounting period or manipulation.	(1) We understood and evaluated the effectiveness of the internal controls related to this type of business in Jiaoda Huigu Company; (2) We understood the method and basis used by the management of Jiaoda Huigu Company to identify the performance obligations within a certain period of time and to determine the progress of performance; (3) Based on the judgment of the management of Jiaoda Huigu Company, we reviewed whether our judgment of the performance obligations conditions in the contract and the method of determining the progress of performance comply with the provisions of accounting standards; (4) For the revenue recognized based on the progress of performance, we conducted a review of the progress of performance, including: ① selecting projects accounting for more than 80% of the total completed projects in the current period, checking the budgeted income against the actual income, budgeted cost against the actual cost, verifying contracts and payment records, examining completion settlement documents, and confirming the transaction amounts and balances through correspondences. For projects involving multiple years, we also reviewed the reasons and rationality of the fluctuations in gross profit margin over two periods. ② selecting projects accounting for more than 90% of the total unfinished projects in the current period, checking the budgeted income against the actual income, budgeted cost against the actual cost, verifying contracts and payment records, examining the performance progress materials confirmed by both parties, and verifying the progress of performance through correspondences.

Auditors' Report

IV. OTHER INFORMATION

The management of the Company (hereinafter referred to as “the Management”) is responsible for the other information. The other information comprises the information covered in the Company’s 2025 annual report, but it does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND GOVERNING BODIES FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’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 Management either intends to liquidate the Company’s or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing the company’s financial reporting process.



Auditors' Report

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

During the course of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works the following works:

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 its internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's 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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Report

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance audit of the group. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards, where applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 prohibited public disclosure about the matter or when, in 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.

ShineWing Certified Public Accountants LLP

Beijing, China

CICPA:(Audit Partner)

CICPA:

27 March 2026



Consolidated Balance Sheet

As at 31 December 2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash and bank balances		17,910,140.59	22,113,514.78
Settlement payment			
Lent funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable		3,270,584.88	—
Accounts receivables	9	10,186,294.09	11,115,272.04
Receivables financing		258,047.27	487,821.00
Prepayments		4,878.43	24,912.84
Insurance premiums receivables			
Reinsurance receivables			
Provision of reinsurance receivables			
Other receivables		793,475.29	1,622,403.19
Including: Interest receivable			
Dividends receivable			
Buying back the sale of financial assets			
Inventories		2,716,139.88	5,024,639.47
Contract asset			
Holding for sale assets			
Non-current assets due within one year			
Other current assets		7,950.00	—
Total current assets		35,147,510.43	40,388,563.32
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,279,482.67	8,053,503.67
Other long-term equity investment			
Other non-current financial assets		4,352,070.01	4,378,279.02
Investment properties			
Fixed assets		37,775.93	44,679.91
Construction in progress			
Biological assets for production			
Fuel assets			
Right-of-use assets		—	—
Intangible assets		—	—
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		—	—
Other non-current assets			
Total non-current assets		7,669,328.61	12,476,462.60
Total assets		42,816,839.04	52,865,025.92

Legal Representative:

Head of Accounting:

Head of the Accounting Department:

Consolidated Balance Sheet

As at 31 December 2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term loans			
Borrowings from the Central Bank			
Deposits from customers and interbanks			
Transactional monetary liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payables	10	23,295,719.16	22,723,922.15
Unearned revenue			
Contract liability		741,254.36	6,768,862.90
Financial assets sold for repurchase			
deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Payroll payable		1,289,317.41	1,682,053.14
Taxes payable		421,552.70	691,500.09
Other payables		7,232,655.36	5,011,214.74
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance payable			
Holding for sale liabilities			
Non-current liabilities due within one year		-	-
Other current liabilities		3,270,584.88	-
Total current liabilities		36,251,083.87	36,877,553.02
Non-current liabilities:			
Deposit for reinsurance			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Lease liabilities		-	-
Long-term payable			
Long-term payroll payable			
Estimated Liabilities			
Deferred income			
Deferred income tax liabilities		-	-
Other non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		36,251,083.87	36,877,553.02
Shareholders' equity:			
Share capital		48,000,000.00	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		77,308,349.20	77,308,349.20
Less: treasury stock			
Other comprehensive income		1,460,148.53	1,461,081.97
Special reserve			
Surplus reserve		222,962.29	222,962.29
General risk reserve			
Undistributed profits		-120,425,704.85	-111,004,920.56
Total owners' equity attributable to the parent company		6,565,755.17	15,987,472.90
Minority interests			
Total shareholders' equity		6,565,755.17	15,987,472.90
Total liabilities and shareholders' equity		42,816,839.04	52,865,025.92

Legal Representative:

Head of Accounting:

Head of the Accounting Department:



Balance Sheet of the Parent Company

As at 31 December 2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash and bank balances		17,874,977.54	22,075,635.35
Financial assets held for trading			
Derivative financial assets			
Notes receivable		3,270,584.88	
Accounts receivables		10,186,294.09	11,115,272.04
Receivables financing		258,047.27	487,821.00
Prepayments		4,878.43	24,912.84
Other receivables		793,475.29	1,622,403.19
Including: Interest receivable			
Dividends receivable			
Inventories		2,716,139.88	5,024,639.47
Contract asset			
Holding for sale assets			
Non-current assets due within one year			
Other current assets		7,950.00	—
Total current assets		35,112,347.38	40,350,683.89
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,279,482.67	8,053,503.67
Other long-term equity investment			
Other non-current financial assets		4,352,070.01	4,378,279.02
Investment properties			
Fixed assets		37,775.93	44,679.91
Construction in progress			
Biological assets for production			
Fuel assets			
Right-of-use assets		—	—
Intangible assets			
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		—	—
Other non-current assets			
Total non-current assets		7,669,328.61	12,476,462.60
Total assets		42,781,675.99	52,827,146.49

Legal Representative:

Head of Accounting:

Head of the Accounting Department:

Balance Sheet of the Parent Company

As at 31 December 2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term loans			
Transactional monetary liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payables		23,295,719.16	22,723,922.15
Unearned revenue			
Contract liability		741,254.36	6,768,862.90
Payroll payable		1,289,317.41	1,682,053.14
Taxes payable		421,552.70	691,500.09
Other payables		7,232,655.36	5,011,214.74
Including: Interest payable			
Dividends payable			
Holding for sale liabilities			
Non-current liabilities due within one year		-	-
Other current liabilities		3,270,584.88	-
Total current liabilities		36,251,083.87	36,877,553.02
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Lease liabilities		-	-
Long-term payable			
Long-term payroll payable			
Estimated Liabilities			
Deferred income			
Deferred income tax liabilities		-	-
Other non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		36,251,083.87	36,877,553.02
Shareholders' equity:			
Share capital		48,000,000.00	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		77,308,349.20	77,308,349.20
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		222,962.29	222,962.29
Undistributed profits		-119,000,719.37	-109,581,718.02
Total owners' equity attributable to the parent company		6,530,592.12	15,949,593.47
Total liabilities and shareholders' equity		42,781,675.99	52,827,146.49

Legal Representative:

Head of Accounting:

Head of the Accounting Department:



Consolidated Income Statement

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
I. Total operating income		75,472,226.94	56,471,731.84
Including: Operating income	4	75,472,226.94	56,471,731.84
Interest revenue			
Earned Premium			
Charges and commission income			
II. Total operating costs		79,294,266.96	58,511,844.04
Including: Operating cost	7	59,662,656.07	37,911,301.92
Interest expenses			
Bank charges and commission fee			
Surrender charge fee			
Net payments for insurance claims			
Net reserves from insurance contract			
Bond insurance expense			
Reinsurance costs			
Tax and surcharges	7	93,836.34	120,491.88
Selling expenses	7	3,692,055.60	4,527,066.45
Administrative expenses	7	11,028,002.40	11,553,560.68
Research and development expenses	7	4,880,853.03	4,386,619.89
Financial expenses	4/7	-63,136.48	12,803.22
Including: Interest expenses		-	94,129.63
Interest revenue		69,596.82	89,711.16
Add: Other gain (losses are represented by "-")	4	167,116.68	79,625.70
Investment income (losses are represented by "-")	4	-4,743,121.00	450,831.10
Including: Income from investment in associates and joint ventures		-4,774,021.00	416,931.10
Income from derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by "-")			
Net hedging return (losses are represented by "-")			
Profit and loss from fair value changes (losses are represented by "-")	4/7	-26,209.01	475.58
Loss of credit impairment (losses are represented by "-")	7	-999,231.36	-1,160,795.18
Loss on assets impairment (losses are represented by "-")	7	-	-
Asset disposal gain (losses are represented by "-")			
III. Operating profit (losses are represented by "-")		-9,423,484.71	-2,669,975.00
Add: Non-operating income	4	2,700.42	-
Less: Non-operating expense			
IV. Total profit (losses are represented by "-")		-9,420,784.29	-2,669,975.00
Less: Income tax expenses		-	19,013.48
V. Net Profit (losses are represented by "-")		-9,420,784.29	-2,688,988.48
1. Classified by continuing operation		-9,420,784.29	-2,688,988.48
Net profit from continues operation (losses are represented by "-")		-9,420,784.29	-2,688,988.48
Net profit from discontinued operation (losses are represented by "-")			

Consolidated Income Statement

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
2. Classified by ownership		-9,420,784.29	-2,688,988.48
Net profit attribute to the equity holders of the parent company		-9,420,784.29	-2,688,988.48
Minority interests			
VI. Other comprehensive income, net of tax		-933.44	-91,445.58
other comprehensive income, net of tax attribute to the equity holders of the parent company		-933.44	-91,445.58
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss			
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
3. Gains or losses from changes in fair value of other equity investments			
4. Gains or losses from changes in the fair value of the company's own credit			
5. Others			
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		-933.44	-91,445.58
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Gains or losses from credit impairment of other debt investments			
5. Effective portion of cash flow adjusted for hedging gains or losses			
6. Exchange differences from retranslation of financial statements		-933.44	-91,445.58
7. Others			
Other comprehensive income attributable to minority shareholders, net of tax			
VII. Total comprehensive income		-9,421,717.73	-2,780,434.06
Total comprehensive income attributable to the shareholders of the parent company		-9,421,717.73	-2,780,434.06
Total comprehensive income attributable to the minority shareholders			
VIII. Earnings per share:			
(1) Basic earnings per share		-0.0196	-0.0056
(2) Diluted earnings per share		-0.0196	-0.0056



Income Statement of the Parent Company

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
I. Operating income		75,472,226.94	56,471,731.84
Less: Operating cost		59,662,656.07	37,911,301.92
Taxes and surcharges		93,836.34	120,491.88
Selling expenses		3,692,055.60	4,527,066.45
Administrative expenses		11,028,002.40	11,553,560.68
Research and development expenses		4,880,853.03	4,386,619.89
Financial expenses		-64,919.42	7,707.78
Including: Interest expenses		-	94,129.63
Interest revenue		69,581.48	89,704.12
Add: Other gain		167,116.68	79,625.70
Investment income			
(losses are represented by "-")		-4,743,121.00	450,831.10
Including: Income from investment in			
associates and joint ventures			
Exchange gain		-4,774,021.00	416,931.10
Income from derecognition of			
financial assets measured at			
amortized cost			
Net hedging return			
(losses are represented by "-")			
Profit and loss from fair value changes			
(losses are represented by "-")		-26,209.01	475.58
Loss of credit impairment			
(losses are represented by "-")		-999,231.36	-1,002,435.75
Loss on assets impairment			
(losses are represented by "-")		-	-
Asset disposal gain			
(losses are represented by "-")			
II. Operating profit (losses are represented by "-")		-9,421,701.77	-2,506,520.13
Add: Non-operating income		2,700.42	-
Less: Non-operating expenses			
III. Total profit (losses are represented by "-")		-9,419,001.35	-2,506,520.13
Less: Income tax expenses		-	19,013.48
IV. Net Profit (losses are represented by "-")		-9,419,001.35	-2,525,533.61
1. Net profit from continues operation			
(losses are represented by "-")		-9,419,001.35	-2,525,533.61
2. Net profit from discontinued operation			
(losses are represented by "-")			

Income Statement of the Parent Company

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
V. Other comprehensive income, net of tax		–	–
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		–	–
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
3. Gains or losses from changes in fair value of other equity investments			
4. Gains or losses from changes in the fair value of the company's own credit			
5. Others			
(2) Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method		–	–
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Gains or losses from credit impairment of other debt investments			
5. Effective portion of cash flow adjusted for hedging gains or losses			
6. Exchange differences from retranslation of financial statements			
7. Others			
VI. Total comprehensive income		–9,419,001.35	–2,525,533.61
VII. Earnings per share:			
(1) Basic earnings per share			
(2) Diluted earnings per share			



Consolidated Cash Flow Statement

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		72,696,355.67	66,700,043.40
Net increase in customer deposit and inter-bank deposit			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from insurance contract premium			
Net cash receive form reinsurance business			
Net increase in insurance deposit and investment funds			
Cash received of interest, charges and commission.			
Net increase in deposits from other banks			
Net increase in funds for repurchasing business			
Net income from buying and selling securities as broker			
Refund of taxes and surcharges			
Cash received relating to other operating activities		1,053,841.82	169,336.86
Sub-total of cash inflows from operating activities		73,750,197.49	66,869,380.26
Cash paid for goods and services		55,785,008.75	39,029,691.79
Net increase in customer loans and advances			
Net increase in savings in central bank and inter-bank			
Cash paid for insurance contract			
Net increasing from financial assets held for trading purpose			
Cash for lendings to banks and other financial institutions			
Cash paid for interest, charges and commission			
Cash paid for dividend of the insurance			
Cash paid to and on behalf of employees		18,519,384.60	19,610,155.24
Payments of tax charges		1,670,191.08	1,182,503.99
Cash paid relating to other operating activities		2,026,298.07	2,653,910.93
Sub-total of cash outflows from operating activities		78,000,882.50	62,476,261.95
Net cash flows from operating activities		-4,250,685.01	4,393,118.31

Consolidated Cash Flow Statement

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
II. Cash flows from investing activities			
Cash received from disposal of investments		—	—
Cash received from returns on investments		30,900.00	33,900.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities		—	—
Sub-total of cash inflows from investing activities		30,900.00	33,900.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		—	9,767.99
Cash paid to acquire investments			
Net increase in mortgage loan			
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		—	9,767.99
Net cash flows from investing activities		30,900.00	24,132.01
III. Cash flows from financing activities			
Cash received from capital contributions			
Including: cash received from subsidiaries absorbing minority shareholders' investments			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		—	—
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Including: dividends and profits paid by subsidiaries to minority shareholders			
Cash paid to other financing activities		—	—
Sub-total of cash outflows from financing activities		—	—
Net cash flows from financing activities		—	—
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-934.31	6,392.34
V. Net increase in cash and cash equivalents		-4,220,719.32	4,423,642.66
Add: Cash and cash equivalents at beginning of period		22,060,833.70	17,637,191.04
VI. Cash and cash equivalent at end of period		17,840,114.38	22,060,833.70



Cash Flow Statement of the Parent Company

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		72,696,355.67	66,700,043.40
Refund of taxes and surcharges			
Cash received relating to other operating activities		1,053,826.48	169,329.82
Sub-total of cash inflows from operating activities		73,750,182.15	66,869,373.22
Cash paid for goods and services		55,785,008.75	39,029,691.79
Cash paid to and on behalf of employees		18,519,384.60	19,610,155.24
Payments of tax charges		1,670,191.08	1,182,503.99
Cash paid relating to other operating activities		2,024,500.66	2,392,611.10
Sub-total of cash outflows from operating activities		77,999,085.09	62,214,962.12
Net cash flows from operating activities		-4,248,902.94	4,654,411.10
II. Cash flows from investing activities			
Cash received from disposal of investments		-	-
Cash received from returns on investments		30,900.00	33,900.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities		-	-
Sub-total of cash inflows from investing activities		30,900.00	33,900.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		-	9,767.99
Cash paid to acquire investments			
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities		-	-
Sub-total of cash outflows from investing activities		-	9,767.99
Net cash flows from investing activities		30,900.00	24,132.01

Cash Flow Statement of the Parent Company

2025

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	Note	2025	2024
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		-	-
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Cash paid to other financing activities		-	-
Sub-total of cash outflows from financing activities		-	-
Net cash flows from financing activities		-	-
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-4,218,002.94	4,678,543.11
Add: Cash and cash equivalents at beginning of period		22,022,954.27	17,344,411.16
VI. Cash and cash equivalent at end of period		17,804,951.33	22,022,954.27



Consolidated Statement of Changes in Equity

2025

Unit: RMB (Yuan)

Prepared by: Shanghai Jiada Withub Information Industrial Company Limited

2025														
Item	Equity attributable to the parent company													
	Share Capital	Preferred shares	Other equity instrument	Capital Reserve	Less: Treasury shares	Comprehensive Income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Others	Total	Minority interests	Total shareholders' equity
I. Ending balance of previous year	48,000,000.00			77,308,349.20		1,461,081.97		222,962.29		-111,004,920.56		15,987,472.90		15,987,472.90
Add: changes in accounting policies														
Correction of prior period errors														
Business combinations under the same administration														
Others														
II. Beginning balance of current year	48,000,000.00			77,308,349.20		1,461,081.97		222,962.29		-111,004,920.56		15,987,472.90		15,987,472.90
III. Change through current year ("—" for losses)						-833.44				-8,420,784.29		-8,421,717.73		-9,421,717.73
(1) Total comprehensive income						-833.44				-8,420,784.29		-8,421,717.73		-9,421,717.73
(2) Contribution and withdrawal of capital by shareholders														
1. Ordinary shares contributed by shareholders														
2. Capital contributed by other equity instruments holders														
3. Amounts of share-based payments recognized in shareholder's equity														
4. Others														
(3) Profit distribution														
1. Appropriation of surplus Reserve														
2. Appropriation of general risk reserve														
3. Distribution to shareholders														
4. Others														
(4) Internal carry-over of shareholders' equity														
1. Capitalized capital reserve														
2. Capitalized surplus reserve														
3. Surplus reserve for covering up losses														
4. Changes of benefits plan transferring retained earnings														
5. Other comprehensive transferring retained earnings														
6. Others														
(5) Special reserve														
1. Current year appropriation														
2. Current year usage														
6) Others														
IV. Ending balance of current year	48,000,000.00			77,308,349.20		1,460,148.53		222,962.29		-120,425,704.85		6,565,755.17		6,565,755.17

Consolidated Statement of Changes in Equity

2025

Unit: RMB (Yuan)

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Item	2024													
	Equity attributable to the parent company													
	Share Capital	Preferred shares	Other equity instrument	Capital Reserve	Less: Treasury shares	Other Comprehensive income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Others	Total	Minority interests	Total shareholders' equity
			Perpetual bond											
I. Ending balance of previous year	48,000,000.00			77,308,349.20		1,552,527.55		222,962.29		-108,315,932.08		18,767,936.96		18,767,936.96
Add: changes in accounting policies														
Correction of prior period errors														
Business combinations under the same administration														
Others														
II. Beginning balance of current year	48,000,000.00			77,308,349.20		1,552,527.55		222,962.29		-108,315,932.08		18,767,936.96		18,767,936.96
III. Change through current year ("—" for losses)														
(1) Total comprehensive income						-91,445.58				-2,688,888.48		-2,780,434.06		-2,780,434.06
(2) Contribution and withdrawal of capital by shareholders						-91,445.58				-2,688,888.48		-2,780,434.06		-2,780,434.06
1. Ordinary shares contributed by shareholders														
2. Capital contributed by other equity instruments holders														
3. Amounts of share-based payments recognized in shareholders' equity														
4. Others														
(3) Profit distribution														
1. Appropriation of surplus Reserve														
2. Appropriation of general risk reserve														
3. Distribution to shareholders														
4. Others														
(4) Internal transfer of shareholders' equity														
1. Capitalized capital reserve														
2. Capitalized surplus reserve														
3. Surplus reserve for covering up losses														
4. Changes of benefits plan transferring retained earnings														
5. Other comprehensive transferring retained earnings														
6. Others														
(5) Special reserve														
1. Current year appropriation														
2. Current year usage														
6. Others														
IV. Ending balance of current year	48,000,000.00			77,308,349.20		1,461,081.97		222,962.29		-111,004,900.56		15,987,472.90		15,987,472.90



Statement of Changes of Equity of the Parent Company

2025

Unit: RMB (Yuan)

Prepared by: Shanghai Jiada Withub Information Industrial Company Limited

Item	2025						Total shareholders' equity
	Share Capital	Preferred shares	Other equity instrument	Capital Reserve	Less: Treasury shares	Other Comprehensive Income	
			Perpetual bond	Others		Special reserve	
					Surplus reserve	Undistributed profits	Other
I. Ending balance of previous year	48,000,000.00			77,308,349.20	222,862.29	-109,581,718.02	15,949,593.47
Add: changes in accounting policies							
Correction of prior period errors							
Others							
II. Beginning balance of current year	48,000,000.00			77,308,349.20	222,862.29	-109,581,718.02	15,949,593.47
III. Change through current year ("—" for losses)							
(1) Total comprehensive income							
(2) Contribution and withdrawal of capital by shareholders							
1. Ordinary shares contributed by shareholders							
2. Capital contributed by other equity instruments holders							
3. Amounts of share-based payments recognized in shareholder's equity							
4. Others							
(3) Profit distribution							
1. Appropriation of surplus Reserve							
2. Distribution to shareholders							
3. Others							
(4) Internal transfer of shareholders' equity							
1. Capitalized capital reserve							
2. Capitalized surplus reserve							
3. Surplus reserve for covering up losses							
4. Changes of benefits plan transferring retained earnings							
5. Other comprehensive transferring retained earnings							
6. Others							
(5) Special reserve							
1. Current year appropriation							
2. Current year usage							
6. Others							
IV. Ending balance of current year	48,000,000.00			77,308,349.20	222,862.29	-119,000,719.37	6,530,592.12

Statement of Changes of Equity of the Parent Company

2025

Unit: RMB (Yuan)

Prepared by: Shanghai Jiaoda Withub Information Industrial Company Limited

Item	2024						Total shareholders' equity				
	Share Capital	Preferred shares	Perpetual bond	Others	Capital Reserve	Less: Treasury shares		Other Comprehensive Income	Undistributed profits	Surplus reserve	Special reserve
Other equity instrument											
I. Ending balance of previous year											
Add: changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of current year											
III. Change through current year ("—" for losses)											
(1) Total comprehensive income											
(2) Contribution and withdrawal of capital by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by other equity instruments holders											
3. Amounts of share-based payments recognized in shareholder's equity											
4. Others											
(3) Profit distribution											
1. Appropriation of surplus Reserve											
2. Distribution to shareholders											
3. Others											
(4) Internal carry-over of shareholders' equity											
1. Capitalized capital reserve											
2. Capitalized surplus reserve											
3. Surplus reserve for covering up losses											
4. Changes of benefits plan transferring retained earnings											
5. Other comprehensive transferring retained earnings											
6. Others											
(5) Special reserve											
1. Current year appropriation											
2. Current year usage											
6) Others											
Ending balance of current year											
48,000,000.00											
77,308,349.20											
-109,581,718.02											
22,962.29											
-2,525,533.61											
-2,525,533.61											
18,475,127.08											
18,475,127.08											
-2,525,533.61											
-2,525,533.61											



Notes to the Financial Statements

1. GENERAL INFORMATION ABOUT THE COMPANY

Shanghai Jiaoda Withub Information Industrial Company Limited (hereinafter referred to as the Company) was established on May 4th, 1998, with its place of registration at 2nd Floor, Building 7, No. 471 Guiping Road, Shanghai and office at Building A, Shanghai Jiaoda Withub Information Park.

On July 31st, 2002, the Company was listed on the Growth Enterprise Market (GEM) of The Stock Exchange of Hong Kong Limited and issued 132 million foreign shares with a par value of RMB0.1 each, amounting to RMB13.2 million; at the same time, some of the shareholders of the Company offered to place 12 million shares, amounting to RMB1.2 million. After the issue, the registered capital of the Company increased to RMB48 million and the number of shares increased to 480 million.

As at December 31st, 2025, the total number of shares of the Company was 480 million shares, of which 348 million shares, or 72.50% of the total share capital, were unlisted, and 132 million shares, or 27.50% of the total share capital, were public shares of listed H-shares.

The Company belongs to the Software and Information Technology Services industry, and its business mainly consists of business application solutions and application software development business, installation and maintenance of network and data security products business, and sales of electrical products and accessories, etc.

The financial statements were approved for reporting on March 27th, 2026 by the Board of Directors of the Company. In accordance with the Company's Articles of Association, the financial statements will be submitted to the General Meeting of Shareholders for review.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation

The Company's financial statements have been prepared on the basis of transactions and events that actually occurred, in accordance with the Accounting Standards for Business Enterprises, its Application Guidelines, Interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - the General Provisions of Financial Reports issued by the China Securities and Regulatory Commission (2023 Revision) and the relevant regulations, as well as the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong.

2.2 Going concern

As at December 31st 2025, the company's current liabilities exceeded its current assets by RMB1,103,573.44. Taking into account the continuing financial support from its shareholders and the measures to improve its working capital position, including but not limited to enhancing profitability through cost reduction and efficiency improvements, and disposal of equity interests, the company's management considers that the company has the ability to continue as a going concern within twelve months from the end of the reporting period and that it is appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates formulated by the Company in accordance with the actual production and operating characteristics include: recognition and measurement of bad debt provision for receivables, write-down of inventories to net realizable value, depreciation of property, plant and equipment, amortization of intangible assets, and recognition and measurement of revenue.

3.1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises and give a true, accurate and complete presentation of the financial position of the Company as at December 31st, 2025 and of the results of its operations and cash flows for the year 2025 and other related information.

3.2 Accounting period

The accounting period of the Company is from January 1st to December 31st of the calendar year.

3.3 Operating cycle

The Company operates businesses with short operating cycles and uses 12 months as the liquidity classification standard for assets and liabilities.

3.4 Functional currency

The Company and its domestic subsidiaries use RMB as the standard currency for accounting.

Overseas subsidiaries of the Company determine their own accounting currency based on the principal economic environments in which they operate, and the Company translates them into RMB in the preparation of its financial statements in accordance with the method described in III.9.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.5 Methodology for determining materiality criteria and basis for selection

The Company follows the principle of materiality in the preparation and disclosure of its financial statements. The disclosures in the notes to the financial statements that involve materiality judgments and the methodology for determining and selecting the materiality criteria are as follows:

Related materiality criteria Disclosures involving judgments	Disclosure position of this matter in the notes to the financial statements	Methodology for determining materiality criteria and basis for selection
Significant accounts receivable for which bad debt provision is made on an individual basis	V.3	Individual provision amounts accounting for 10% of the total bad debt provision for accounts receivable and exceeding 1 million
Significant associates and joint ventures	V.9	Individual associates and joint ventures book value accounting for more than 5% of consolidated net assets
Significant other non-current financial assets	V.10	Individual invested company book value accounting for more than 5% of consolidated net assets
Accounts payable aging over 1 year	V.15	Individual amount exceeding RMB1 million

3.6 Accounting treatment for business combinations under common control and not under common control

(1) *Business combinations involving entities under common control*

Business combinations in which the enterprises participating in the combination are under the ultimate control of the same party or parties, both before and after the combination, and such control is not temporary, are business combinations under common control.

Assets and liabilities acquired by the Company as a consolidator in a business combination under common control are measured at the book value of the consolidated party in the consolidated statements of the ultimate controlling party at the date of consolidation. The difference between the book value of the net assets acquired and the book value of the consideration paid for the merger is adjusted to capital reserves; if capital reserves are not sufficient to offset the difference, retained earnings are adjusted.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Accounting treatment for business combinations under common control and not under common control (Continued)

(1) *Business combinations involving entities under common control (Continued)*

If a business combination under common control is achieved in stages through multiple transactions, the relevant assets and liabilities of the consolidated party are consolidated into the comparative statements of the Company's consolidated financial statements no earlier than the point at which the Company and the consolidated party are both under the control of the ultimate controlling party and the net assets increased as a result of the consolidation is adjusted to the relevant items under owner's equity in the comparative statements.

(2) *Business combinations involving entities not under common control*

Business combinations are not under common control if the parties involved in the combination are not under the ultimate control of the same party or parties before and after the combination.

Identifiable assets, liabilities and contingent liabilities of the acquiree acquired by the Company as the purchaser in a business combination not under common control are measured at fair value at the acquisition date. If the cost of combination is greater than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as goodwill; if the cost of combination is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair value of each identifiable asset, liability and contingent liability acquired in the combination, and the costs are first reviewed, and if, after the review, the cost of combination is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as non-operating income in the period of the combination.

If the business combination not under common control is realized step by step through multiple transactions, the equity interest in the acquiree held prior to the date of purchase is remeasured at the fair value of the equity interest in the acquiree at the date of purchase, and the difference between the fair value and its book value is recognized as investment income for the period; other comprehensive income under the equity method of accounting and changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in respect of equity interests in the acquiree held prior to the date of purchase shall be transferred to investment gains and losses in the period in which the purchase date falls, except for other comprehensive income arising from the remeasurement of changes in net liabilities or net assets of the defined benefit plan by the investee.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.7 Control determination criteria and preparation of consolidated financial statements

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control and includes the Company and all subsidiaries controlled by the Company (including enterprises, divisible segments of investees, and structured entities controlled by enterprises, etc.). The Company determines control by the criteria that the Company has rights over the investee, enjoys variable returns through participation in the investee's relevant activities, and has the ability to use its rights over the investee to affect the amount of its returns.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and its subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company.

The effects on the consolidated financial statements of internal transactions between the Company and its subsidiaries and between subsidiaries are offset by consolidation. The shares of ownership interests of subsidiaries that are not attributable to the parent company and the shares of net profit or loss, other comprehensive income and total comprehensive income for the period that is attributable to minority interests are presented in the consolidated financial statements under "Minority interests, minority gains and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders", respectively.

For subsidiaries acquired through business combinations under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation. When preparing the comparative consolidated financial statements, the relevant items in the prior year's financial statements are adjusted as if the reporting entity formed by the combination had existed since the point at which control by the ultimate controlling party began.

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Company obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the date of purchase.

Where the Company partially disposes of its long-term equity investment in a subsidiary without loss of control, for the difference between the disposal price and the share of the subsidiary's net assets calculated on a continuing basis from the purchase date or the combination date corresponding to the disposal of the long-term equity investment, the capital reserves (share premium) shall be adjusted in the consolidated financial statements, or the retained earnings shall be adjusted if the capital reserves are insufficient to be written down.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.7 Control determination criteria and preparation of consolidated financial statements

(Continued)

If the Company loses control over an investee due to, for example, the disposal of a portion of an equity investment, the remaining equity interest shall be remeasured at its fair value at the date of the loss of control in the preparation of the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity interest and the fair value of the remaining equity interest and the share of the original subsidiary's net assets continuously calculated from the date of purchase or the date of consolidation based on the original shareholding ratio, is included in investment gains and losses in the period in which control is lost, and goodwill is also written down. Other comprehensive income, etc. related to original equity investments in the subsidiary is transferred to current investment gains and losses when control is lost.

When the disposal of the Company's equity investment in a subsidiary in stages through multiple transactions until it loses control is a package deal, each transaction shall be accounted for as a single transaction of disposing of the subsidiary and losing control of the subsidiary; provided, however, that the difference between the price of each disposal prior to the loss of control and the share of the subsidiary's net assets corresponding to the investment disposed of is recognized in the consolidated financial statements as other comprehensive income and transferred to investment gains and losses for the period of the loss of control when control is lost. If an equity investment in a subsidiary is disposed of in stages through multiple transactions until it loses control, and is not a package deal, each transaction is accounted for separately according to whether it results in a loss of control.

3.8 Cash and cash equivalents

Cash in the Company's statement of cash flows represents cash on hand and deposits that are readily available for payment. Cash equivalent in the cash flow statement refers to the investment with a term not more than 3 months and high liquidity, and is easily convertible to known amounts of cash and subject to an insignificant risk of changes in value.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.9 Foreign currency operations and translation of foreign currency financial statements

(1) *Foreign currency transactions*

The foreign currency transactions of the Company are initially recognized by using the spot exchange rate on the date of the transaction to translate the foreign currency amount into a functional currency amount. At the balance sheet date, monetary items denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the balance sheet date, and the resulting translation differences are charged directly to profit or loss for the current period, except for exchange differences arising from specialized borrowings denominated in foreign currencies for the purpose of acquiring, constructing or producing assets eligible for capitalization, which are capitalized; non-monetary item in foreign currency measured at historical cost continues to be translated using the spot exchange rate at the date of the transaction and does not change the functional currency in which it is recorded; non-monetary item measured at fair value in a foreign currency is translated using the spot exchange rate at the date the fair value is determined, and the difference between the translated amount in the functional currency and the original amount in the local currency is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss for the current period; capital contributions received from investors in foreign currencies are translated using the spot exchange rate on the date of the transaction, and no foreign currency capital translation differences arise between the capital contributions in foreign currencies and the carrying amounts of the corresponding monetary items in the local currency.

(2) *Translation of foreign currency financial statements*

The Company translates the financial statements of its foreign operations into RMB in the preparation of its consolidated financial statements, of which: the balance sheet items of assets and liabilities in foreign currencies are translated using the spot exchange rate at the balance sheet date; the items of owners' equity, except for "undistributed earnings", are translated at the spot exchange rate at the time of the transaction; the income and expense items in the income statement are translated using the current average exchange rate at the date of the transaction. The foreign currency statement translation differences arising from the above translation are presented in other comprehensive income. Cash flows in foreign currencies are translated using the average exchange rate for the period of the cash flow transaction. The amount of the effect of exchange rate changes on cash is presented separately in the cash flow statement.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments

(1) *Recognition and derecognition of financial instruments*

A financial asset or a financial liability is recognized when the Company becomes a party to a financial instrument contract.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognised, namely, charged off from their accounts and balance sheet when the following conditions are met: ① the right to receive cash flows from the financial asset expires; ② the right to receive cash flows from the financial asset is transferred or, assumed the obligation to pay the received cash flows in full and on time to a third party under a pass-through agreement; and either the transfer of substantially all of the risks and rewards of ownership of the financial asset or the relinquishment of control over the financial asset, although substantially the transfer of substantially all of the risks and rewards of ownership of the financial asset is not made.

A financial liability is derecognized if the obligation under the financial liability is fulfilled, cancelled or expired. If an existing financial liability is replaced by another from the same creditor on substantially different terms, or if the terms of an existing liability are substantially modified in almost its entirety, such substitution or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference charged to current profit or loss.

The purchase and sale of financial assets on a regular basis is recognized and derecognized on the basis of transaction date accounting. Trade date is the date on which the Company commits to purchase or sell a financial asset.

(2) *Classification and measurement of financial assets*

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company shall classify financial assets at initial recognition as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. All related financial assets that are affected may be reclassified only when the Company changes its business model for managing the financial assets.

In judging the business model, the Company shall consider the information including how it evaluates and reports the performance of financial assets to its key management personnel, the risks affecting the performance of financial assets and the relevant management method, and how managers of the relevant business are compensated, etc. The Company, when assessing whether the objective is to collect the contractual cash flows, is required to analyze the reasons for, the timing, frequency and value of sales of financial assets before maturity.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(2) *Classification and measurement of financial assets (Continued)*

To determine the contractual cash flow characteristics, the Company shall make judgments on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including evaluating whether there is a significant difference in comparison with benchmarking cash flows when the revision of the time value of money is assessed, and evaluating whether the fair value of the prepayment feature is insignificant provided that the financial assets have the prepayment feature.

Financial assets shall be measured at fair value on initial recognition, except for accounts receivable or notes receivable arising from the sales of goods or rendering of services and without significant financing components or without considering the financing component that does not exceed one year, which are initially measured at the transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in the current profit or loss; for other categories of financial assets, the related transaction costs are recognized in their initial recognition amounts.

The subsequent measurement of financial assets depends on their classification:

1) *Financial assets measured at amortized cost*

Financial assets are classified as measured at amortized cost if both of the following conditions are met: ① the objective of the business model for managing the financial assets is to collect contractual cash flows; ② the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. For such financial assets, interest income is recognised using the effective interest method, and any gain or loss arising from derecognition, modification or impairment is recognised in profit or loss. The Company's financial assets in this category mainly consist of cash and cash equivalents, bill receivable, accounts receivable and other receivables.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(2) *Classification and measurement of financial assets (Continued)*

2) *Investments in debt instruments at fair value through other comprehensive income*

Financial assets are classified as at fair value through other comprehensive income if both of the following conditions are met: ① the objective of the business model for managing the financial assets is both to collect contractual cash flows and sell the financial assets. ② the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. Interest income for such financial assets is recognized based on the effective interest method. Changes in fair value are recognized in other comprehensive income, other than interest income, impairment losses and exchange differences which are recognized in the current profit or loss. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred from other comprehensive income to the current profit or loss. The Company's financial assets in this category are mainly receivables financing.

3) *Investments in equity instruments at fair value through other comprehensive income*

The Company irrevocably elects to designate certain investments in non-trading equity instruments as financial assets at fair value through other comprehensive income, and the designation is irrevocable once made. The Company recognizes only the related dividend income (except for dividend income that is explicitly recognized as a partial recovery of investment costs) in the current profit or loss, and subsequent changes in fair value are recognized in other comprehensive income. No provision for impairment is accrued. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred from other comprehensive income to retained earnings. The Company's financial assets in this category are investments in other equity instruments.

4) *Financial assets at fair value through profit or loss*

Except for those classified as financial assets measured at amortized cost and those classified or designated as at fair value through other comprehensive income described above, the Company classifies other financial assets as at fair value through profit or loss. Such financial assets are subsequently measured at fair value, and all changes in fair value are recognized in the current profit or loss, except when they relate to hedge accounting. The Company's financial assets in this category mainly include financial assets held for trading and other non-current financial assets.

If the contingent consideration recognized by the Company in a business combination not under common control constitutes a financial asset, the financial asset shall be classified as at fair value through profit or loss.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(3) *Classification, recognition basis and measurement method of financial liabilities*

Except for financial guarantee contracts issued, loan commitments provided at below-market interest rates, and financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from the continuing involvement in transferred financial assets, the Company classifies its financial liabilities into the following categories upon initial recognition: financial liabilities at fair value through profit or loss, and financial liabilities measured at amortised cost. Transaction costs directly attributable to the acquisition or issuance of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Transaction costs directly attributable to the acquisition or issuance of financial liabilities measured at amortised cost are included in the initial measurement amount of such financial liabilities.

The subsequent measurement of financial liabilities depends on their classification:

1) *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

2) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss (including derivatives that are financial liabilities) comprise financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss at initial recognition. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, and all changes in fair value are recognized in the current profit or loss, except when they relate to hedge accounting. Financial liabilities designated as at fair value through profit or loss are subsequently measured at fair value, and changes in fair value are recognized in the current profit or loss, except for changes in fair value attributable to changes in the Company's own credit risks, which are recognized in other comprehensive income. If changes in fair value attributable to changes in the Company's own credit risks are recognized in other comprehensive income and it would create or enlarge accounting mismatches in profit or loss, the Company shall recognize all changes in fair value (including the amount of the effect of changes in the Company's own credit risks) in the current profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(4) *Impairment of financial instruments*

The Company shall account for impairment measured at amortized cost and recognize the loss allowances based on expected credit losses.

1) *Measurement of Expected Credit Loss*

Expected credit loss is the weighted average of credit losses on a financial instrument with the risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows receivable under the contract and all the cash flows that the Company expects to receive, i.e., the present value of all cash shortfalls.

The expected credit loss throughout the expected lifespan refers to the expected credit loss caused by all possible default events that may occur during the expected lifespan of a financial instrument. Expected credit loss within the next 12 months refers to the expected credit loss that may occur due to a financial instrument default event within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, it is the expected duration), and is a part of the expected credit loss for the entire duration.

For accounts receivable, notes receivable, receivables financing, and contract assets, arising from daily operating activities such as sale of goods or rendering of services, that do not contain a significant financing component and are generated from ordinary operating activities, such as sales of goods and rendering of services, the Company applies a simplified measurement methodology to measure the provision for losses at an amount equal to the expected credit losses over the entire life of the asset.

For lease receivables, receivables and contract assets with significant financing components, the Company applies a simplified measurement methodology to measure the provision for losses at an amount equal to the expected credit losses over the entire life of the asset.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(4) *Impairment of financial instruments (Continued)*

1) *Measurement of Expected Credit Loss (Continued)*

For receivables, expected credit losses are generally calculated on the basis of a portfolio of common credit risk characteristics by taking into account the elements that should be reflected in the expected credit loss measurement methodology and by reference to historical credit loss experience and preparing a reconciliation of the number of days past due on accounts receivable/aging of accounts receivable to the default loss rate, except for amounts that are individually significant and for which credit impairment has occurred, in which case the credit losses shall be determined separately.

For financial instruments with low credit risk as of the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition. For the disclosure of our company's criteria for significantly increasing credit risk and the definition of assets with credit impairment, please refer to Note 10.1.

When assessing the impairment of financial instruments and contract assets based on the expected credit loss model, the Company shall make significant judgments and estimates and take into account all reasonable and supportable information, including forward-looking information. These judgments and estimates require the Company to infer the expected changes in debtors' credit risks based on historical repayment data and in conjunction with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the accrual of impairment provisions, and the impairment provisions that have been accrued may not equal the actual amount of future impairment losses.

2) *Combination categories and determination criteria for impairment provision based on credit risk characteristics*

The Company evaluates expected credit losses on financial instruments on an individual and portfolio basis. For portfolio-based assessments, the Company shall categorize financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics adopted by the Company include the types of financial instruments, credit risk ratings, the industries in which the debtors operate, past due information, and aging of receivables.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

2) Combination categories and determination criteria for impairment provision based on credit risk characteristics (Continued)

- a. Portfolio categories of accounts receivable (and contract assets) and basis of determination

The Company groups account receivable (and contract assets) by similarity and relevance of credit risk characteristics based on information such as aging, nature of payment, credit risk exposure, and history of repayment. For accounts receivable (and contract assets), the Company generally grants a six-month credit period. If it is more than six months past due, it indicates that the credit risk has increased significantly and, therefore, the Company evaluates expected credit losses on the basis of whether or not the portfolio is delinquent.

Item	Basis for determining portfolio (aging/overdue portfolio)	Methodology for measuring expected credit losses
Accounts receivable	Within 6 months (usually the credit period granted to the customer/not overdue)	0.00%
	6 months - 12 months (1 day to 6 months overdue)	0.00%
	More than 1 year (More than six months overdue)	100.00%



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(4) *Impairment of financial instruments (Continued)*

2) *Combination categories and determination criteria for impairment provision based on credit risk characteristics (Continued)*

b. Portfolio categories of other receivables and basis of determination

The Company measures impairment losses by amounts equivalent to expected credit losses over the next 12 months, or the entire life of the other receivables, based on whether the credit risk of other receivables has increased significantly since initial recognition. Other receivables are classified into different portfolios based on their credit risk characteristics and assessed for expected credit losses, except those that are individually assessed for credit risk.

Item	Basis for determining portfolio	Methodology for measuring expected credit losses
Dividends receivable	Dividends receivable	No provision for expected credit losses
Interest receivable	Interest receivable from financial institutions	No provision for expected credit losses
Guarantees, deposits and petty cash receivable	Nature of payment	No provision for expected credit losses
Other receivables	Amounts in the ordinary course of business	Refer to the method for provision for expected credit losses on accounts receivable

3) *Judgment criteria for single provision of bad debt impairment reserves based on individual provision*

If the credit risk characteristics of a customer are significantly different from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of the customer, for example, if the customer is in severe financial difficulty and the expected credit loss rate on receivables from this customer has significantly exceeded the expected credit loss rate for the aging and overdue ranges in which the customer is located, etc., the Company makes a provision for losses on an individual basis on the receivables from this customer.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(4) *Impairment of financial instruments (Continued)*

4) *Write off of impairment provision*

When the company no longer reasonably expects to be able to recover all or part of the cash flows from financial asset contracts, the company directly reduces the carrying amount of the financial asset. If a financial asset that has been written down is later recovered, it shall be recognized as a reversal of impairment losses in the current period of recovery.

(5) *Basis for recognition and measurement methods of transfers of financial assets*

For transactions involving the transfer of financial assets, the Company shall derecognize a financial asset if substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee, and shall not derecognize the financial asset if substantially all the risks and rewards of ownership of the financial asset have been retained. If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has surrendered control over the financial asset, it shall derecognize the financial asset and recognize the resulting assets and liabilities. If it does not surrender control over the financial asset, it shall recognize the related financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability correspondingly.

If the transfer of a financial asset as a whole satisfies the conditions for derecognition, the difference between the book value of the transferred financial asset at the date of the derecognition and the sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized in other comprehensive income directly, corresponding to the derecognized portion (the financial asset involved in the transfer meets both of the following conditions: ① the objective of the Company's business model for managing the financial asset is both to collect contractual cash flows and sell the financial asset; ② the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding), is recognized in the current profit or loss.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(5) *Basis for recognition and measurement methods of transfers of financial assets* (Continued)

If the partial transfer of a financial asset satisfies the conditions for derecognition, the whole book value of the transferred financial asset is apportioned between the derecognized portion and the non-derecognized portion according to their respective relative fair values. The difference between the sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized in other comprehensive income corresponding to the derecognized portion that shall be apportioned to the derecognized portion (the financial asset involved in the transfer meets both of the following conditions: ① the objective of the Group's business model for managing the financial asset is both to collect contractual cash flows and sell the financial asset; ② the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding), and the above-apportioned book value of the financial asset as a whole is recognized in the current profit or loss.

Where the continuing involvement is in the form of a financial guarantee for the transferred financial asset, the asset resulting from the continuing involvement is recognized at the lower of the book value of the financial asset and the amount of the financial guarantee. The financial guarantee amount is the maximum amount of the consideration received that the Company could be required to repay.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Financial instruments (Continued)

(6) *Distinction between financial liabilities and equity instruments and related treatment*

The Company distinguishes financial liabilities from equity instruments in accordance with the following principles: ① if the Company cannot unconditionally avoid the performance of a contractual obligation by delivering cash or other financial assets, that contractual obligation meets the definition of financial liabilities. Some financial instruments, although they do not explicitly contain terms and conditions for an obligation to deliver cash or other financial assets, may indirectly create a contractual obligation through other terms and conditions. ② if a financial instrument must or may be settled with the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are intended as a substitute for cash or other financial assets or are intended to give the holder of the instrument a residual interest in the assets of the issuer after deducting all liabilities. In the former case, the instrument is a financial liability of the issuer; in the latter case, the instrument is an equity instrument of the issuer. In certain circumstances, a financial instrument contract stipulates that the Company must or may settle the financial instrument with its own equity instruments, where the amount of the contractual right or contractual obligation is equal to the number of its own equity instruments available for acquisition or delivery multiplied by their fair values at the time of settlement, regardless of whether the amount of the contractual right or obligation is fixed or based in whole or in part on variables other than the market price of the Company's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument), the contract is classified as a financial liability.

When classifying financial instruments (or their components) in the consolidated financial statements, the Company considers all terms and conditions agreed between the members of the Group and the holders of the financial instruments. An instrument shall be classified as a financial liability if the Group as an entirety has an obligation to deliver cash and other financial assets due to the instrument or settle in a manner that otherwise causes the instrument to become a financial liability.

If a financial instrument or its component is a financial liability, the related interest, dividends (or bonuses), gains or losses, and gains or losses arising from redemption or refinancing are recognized by the Company in the current profit or loss.

When a financial instrument or its component is an equity instrument and it is issued (including refinancing), repurchased, sold or canceled, the Company treats it as changes in equity and does not recognize changes in the fair value of the equity instrument.

(7) *Offsetting of financial assets and financial liabilities*

The Company's financial assets and financial liabilities are presented separately on the balance sheet and are not offset against each other. However, when both of the following conditions are met, the net amount after offsetting is listed on the balance sheet: ① the Company has a legal right to offset the recognized amount, and such legal right is currently enforceable; ② the Company intends to settle on a net basis, or to realize the financial assets and liquidate the financial liabilities at the same time.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Inventories

The Company's inventories consist primarily of goods in stock, etc.

Inventories are maintained on a perpetual inventory basis and are valued at actual cost at the time of acquisition. The weighted-average method is used to determine the actual cost of inventories when they are claimed or issued. Low-value consumables are amortized using the one-time reversal method.

At the balance sheet date, inventories are measured at the lower of cost or net realizable value. If the cost of inventories is higher than their net realizable value, a provision for a decline in the value of inventories is made and recognized in profit or loss for the current period. Net realizable value is the estimated selling price of inventories in ordinary activities less the estimated costs to be incurred until completion, estimated selling expenses, and related taxes.

The company reserves inventory and contract performance costs for inventory impairment based on individual inventory items. The Company's policy for Inventory and performance costson provision for decline in value of inventories is formulated based on the shelf life of products and risk of slow-moving sales, by taking into account the shelf life of products and the actual experience of the business operation. Based on the principle of prudence, a full provision for decline in value is made for the reporting period for the products that have been in the inventory for more than two years.

3.12 Contract assets and contract liabilities

(1) *Contract assets*

A contractual asset is a right to receive consideration for goods that the Company has transferred to a customer, which is dependent on factors other than the passage of time. For the details of the method of determining expected credit losses on contract assets, please refer to the relevant content in "III.10. Financial instruments (4) Impairment of financial instruments" above.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.12 Contract assets and contract liabilities (Continued)

(2) *Contract liabilities*

Contract liabilities reflect the Company's obligation to transfer goods to customers for consideration received or receivable from customers.

3.13 Assets related to contract costs

(1) *Method of determining the amount of assets related to contract costs*

The Company's assets related to contract costs include contract performance costs and contract acquisition costs. Depending on liquidity, contract performance costs are presented separately in inventories and other non-current assets, and contract acquisition costs are presented separately in other current assets and other non-current assets.

Contract performance costs, i.e., costs incurred by the Company to perform a contract, are recognized as an asset as contract performance costs if they do not fall within the scope of the relevant accounting standards for inventories, fixed assets, or intangible assets and the following conditions are also met: the costs are directly related to a current contract or expected contract to be obtained, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely as a result of the contract; the costs increase the Company's future resources available to meet its performance obligations; and the costs are expected to be recovered.

Contract acquisition costs, i.e., incremental costs incurred by the Company to acquire a contract that is expected to be recovered, are recognized as an asset. If the amortization period of the asset does not exceed one year, the Company chooses the simplified treatment of recognizing the asset in profit or loss when incurred. Incremental costs are costs that would not have been incurred without obtaining the contract (e.g., sales commissions, etc.). Expenses incurred by the Company to obtain a contract other than incremental costs expected to be recovered (such as travel expenses that would have been incurred regardless of whether the contract was obtained) are charged to current profit or loss as incurred, except for those explicitly borne by the customer.

(2) *Amortization of assets related to contract costs*

The Company's assets related to contract costs are amortized to current profit or loss using the same basis as that used to recognize revenue from the goods to which the assets relate.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.13 Assets related to contract costs (Continued)

(3) *Impairment of assets related to contract costs*

For the Company's assets related to contract costs, if the book value exceeds the difference between the following two items, the Company makes a provision for the excess and recognizes it as an asset impairment loss: ① the remaining consideration that the enterprise expects to receive for the transfer of goods related to the asset; and ② the estimated costs to be incurred for the transfer of the related goods. After the provision for impairment is made, if the factors that caused impairment in previous periods change, resulting in the difference between the two items being higher than the carrying amount of the asset, the original provision for impairment of the asset shall be reversed and included in the current period's profit and loss, but the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date assuming no provision for impairment.

3.14 Long-term equity investments

The Company's long-term equity investments mainly consist of investments in subsidiaries, investments in associates and equity investments in joint ventures.

(1) *Judgment of significant influence and joint control*

The Company's equity investments in investees in which it has significant influence are investments in associates. Significant influence means that the Company has the power to participate in the decision-making of the investee's financial and operating policies, but does not control, or jointly control with other parties, the formulation of those policies. The Company is generally considered to have significant influence over an investee when it owns, directly or indirectly through its subsidiaries, more than 20% but less than 50% of the investee's voting rights, unless there is clear evidence that the Company is unable to participate in the decision-making of the investee's production and operation or to develop control over the investee. If our company holds less than 20% of the voting rights of the investee, such as representatives in the board of directors or similar power structures of the investee, participation in the financial and operational policy formulation process of the investee, important transactions with the investee, sending management personnel to the investee, providing key technical information to the investee, etc., our company believes that it has a significant impact on the investee.

An equity investment in an investee in which the Company, together with other joint venturers, exercises joint control over the investee and has rights to the net assets of the investee, is an investment in a joint venture. Joint control is the contractually agreed sharing of control of an arrangement whose relevant activities can only be decided after the unanimous consent of the parties sharing control. The Company bases its judgement of joint control on the fact that all participants or a combination of participants collectively control the arrangement and that the decisions of the activities related to the arrangement must be unanimously agreed by those participants who collectively control the arrangement.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

(2) *Accounting treatment*

The Company initially measures long-term equity investments acquired at initial investment cost.

For long-term equity investments acquired through a business combination under common control, as of the date of consolidation, the share of the book value of the net assets of the combined party in the consolidated statements of the ultimate controlling party is used as the initial investment cost of the long-term equity investment; if the book value of the net assets of the party being consolidated as of the date of consolidation is a negative amount, the initial cost of the investment is determined as zero.

For long-term equity investments acquired through a business combination not under common control, the cost of the combination is used as the initial investment cost; if the business combination not under common control is realized in steps through multiple transactions and is not a package deal, the sum of the book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

Except for long-term equity investments resulting from a business combination, long-term equity investments acquired by paying cash using the actual purchase price paid, the expenses directly related to the acquisition of the long-term equity investment, taxes and other necessary expenditures as initial investment cost; long-term equity investments acquired through the issuance of equity securities use the fair value of the equity securities issued as investment cost; long-term equity investments acquired through debt restructuring by way of settlement of debts with assets use the fair value of the renounced claims and other costs directly attributable to the investment, such as taxes, as initial investment cost; long-term equity investments acquired by means of non-monetary asset exchanges use the fair value/book value of the exchanged assets and related taxes as initial investment cost.

The Company's investments in subsidiaries are accounted for in the individual financial statements using the cost method. When the cost method is used, long-term equity investments are valued at the initial investment cost. When an additional investment is made, the book value of the cost of long-term equity investments is increased by the fair value of the cost amount paid for the additional investment and the related transaction costs incurred. Cash dividends or profits declared by the investee are recognized as investment income at the amount to which the Company is entitled.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

(2) *Accounting treatment* (Continued)

The Company's investments in joint ventures and associates are accounted for using the equity method. When the equity method is adopted, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, no adjustment is made to the book value of the long-term equity investment; if the initial investment cost of a long-term equity investment is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the book value of the long-term equity investment shall be adjusted by the difference, and at the same time, the difference is recognized in profit or loss in the period in which the investment is acquired.

For long-term equity investments accounted for under the equity method of accounting for subsequent measurement, the book value of the long-term equity investment is increased or decreased by adjusting accordingly to changes in the owners' equity of the investee during the period in which the investment is held. In recognizing the share of net profit or loss of an investee, the net profit of the investee shall be adjusted and recognized based on the fair value of the identifiable assets of the investee at the time of acquisition, in accordance with the Company's accounting policies and accounting periods, and by eliminating the portion attributable to the Company in proportion to the Company's share of unrealized gains or losses on internal transactions with associates and joint ventures that do not constitute business (if the loss on internal transactions is an impairment loss on an asset, the full amount will be recognized). The Company recognizes a net loss incurred by an investee to the extent that the book value of the long-term equity investment and other long-term equity interests that in substance constitute a net investment in the investee are written down to zero, except that the Company has an obligation to assume additional losses.

The difference between the book value and the actual acquisition price of long-term equity investments disposed of is recognized as investment income in the current period.

For long-term equity investments accounted for using the equity method, the related other comprehensive income previously accounted for by the equity method is accounted for on the same basis as that of direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting, and the owner's equity recognized as a result of changes in the owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred in full to current investment income upon the termination of the equity method of accounting.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

(2) *Accounting treatment* (Continued)

If the remaining equity interest after the disposal of part of the equity interest is still accounted for by the equity method, the related other comprehensive income originally accounted for by the equity method is treated on the same basis as the direct disposal of the related assets or liabilities by the investee and carried forward proportionally, and the ownership interest recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income, and profit distribution is carried forward proportionally to the investment income for the current period.

If the common control or significant influence over the investee is lost due to the disposal of part of the equity interest, and the remaining equity interest after disposal confirms financial assets, the difference between the fair value and the book value of the remaining equity interest at the date of the loss of the common control or significant influence is recognized in current profit or loss.

If control over the investee is lost as a result of the disposal of part of the long-term equity investment, and the remaining equity interest after disposal is capable of exercising joint control or significant influence over the investee, it is accounted for under the equity method instead, and the difference between the book value of the equity interest disposed of and the consideration for disposal is recognized as investment income, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition; if the remaining equity interest after disposal is unable to exercise joint control or exert significant influence over the investee, confirms financial assets, and the difference between the book value of the equity interest disposed of and the consideration for disposal is recognized as investment income, and the difference between the fair value and the book value of the remaining equity interest at the date of loss of control is recognized in current profit or loss.

If transactions of the step-by-step disposal of equity to loss of controlling interest are not a package deal, the Company accounts for each transaction separately. If they are a package deal, each transaction is accounted for as a transaction in which a subsidiary was disposed of and control was lost, but the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of in each transaction before the loss of control is recognized as other comprehensive income and is transferred to profit or loss in the period when control is lost.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.15 Fixed assets

The Company's fixed assets are tangible assets with a useful life of more than one year that are held for use in the production of goods, provision of services, rental or management of operations.

The fixed assets shall be recognized only when the related economic benefits are likely to flow into the Company and the costs can be measured reliably. The Company's fixed assets include transportation equipment, office and electronic equipment.

The Company depreciates all fixed assets, except those fully depreciated and continue to be used. The provision for depreciation is made using the straight-line method. The categorized depreciable lives, estimated net residual value rates, and depreciation rates of the Company's fixed assets are as follows:

No.	Type	Estimated residual value rate (%)	Depreciable life (years)	Annual depreciation rate (%)
(1)	Transportation equipment	3	5	19.40
(2)	Office and electronic equipment	3, 5	5, 3	19.40, 31.67

The Company reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at the end of each year, and treats any changes as changes in accounting estimates.

3.16 Intangible assets

The Company's intangible assets, which include acquired transaction names and development costs, are measured at actual cost at the time of acquisition. For intangible assets acquired, the actual cost is determined by the actual price paid and related other expenses; for intangible assets invested by investors, the actual cost is determined by the value agreed in the investment contract or agreement, but if the agreed value in the contract or agreement is not fair, the actual cost is determined by the fair value.

(1) *Useful life and the bases for determination, estimation, amortization methods or the review procedures*

Acquired transaction names are amortized equally over 20 years from the date of acquisition; other intangible assets are amortized in equal installments over the shortest of the estimated useful life, the beneficial life specified in the contract, and the effective life specified by law. The amortization amount is charged to the cost of the related assets and current profit or loss according to the beneficiaries. The estimated useful life and amortization method of intangible assets with finite useful lives are reviewed at the end of each year, and any changes are treated as changes in accounting estimates.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.16 Intangible assets (Continued)

(2) *The scope of research and development expenditures and related accounting treatment*

The Company's research and development expenditures included remuneration of research and development employees, direct input costs, depreciation and amortization expenses, and other expenses.

The Company's expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is charged to profit or loss as incurred; expenditure on the development phase is capitalized when the following conditions are met: ① The Company assesses that it is technically feasible to complete the intangible asset so that it can be used or sold; ② The Company has the intention to complete the intangible asset and to use or sell it; ③ The intangible asset is expected to bring economic benefits to the Company; ④ The Company has sufficient technical, financial and other resources to support the completion of the development of the intangible asset, and has the ability to use or sell the intangible asset; ⑤. Expenditure on the development phase of the intangible asset can be measured reliably. For expenditure on the development phase that does not meet the conditions for capitalization, it is charged to the current profit or loss as incurred.

3.17 Impairment of long-term assets

The Company examines long-term equity investments, other non-current financial assets, fixed assets, right-of-use assets and intangible assets with finite useful lives at each balance sheet date, and performs impairment tests when indicators of impairment exist. Goodwill and intangible assets with uncertain useful lives and development expenditures that have not yet reached the intended state of use are tested for impairment at the end of each year, regardless of whether or not there are indications of impairment.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.17 Impairment of long-term assets (Continued)

(1) *Impairment of non-current assets other than financial assets (other than goodwill)*

When performing an impairment test, the Company determines the recoverable amount of an asset based on the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference is recognized as an impairment loss.

The Company estimates the recoverable amount of an asset on an individual basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the individual asset belongs. Asset groups are identified based on whether the major cash inflows arising from the asset group are independent of those from other assets or groups of assets.

The net fair value less costs of disposal is determined by reference to the agreed sale price or observable market price of a similar asset in ordered transactions occurring on measurement days, less incremental costs directly attributable to the disposal of the asset. When estimating the present value of future cash flows, management according to the assets generated during their continuous use and final disposal must estimate the expected future cash flows and select an appropriate discount rate to determine the present value of the future cash flows.

Once the impairment losses on the above assets are recognized, they are not reversed in subsequent accounting periods.

3.18 Employee benefits

The Company's employee benefits include short-term remuneration, post-employment benefits and termination benefits.

Short-term remuneration mainly includes employees' salaries, bonuses, allowances and subsidies, medical insurance, work-related injury insurance, maternity insurance, housing provident fund, employees welfare fees, trade union funds and employees' education funds, etc. The actual short-term remuneration incurred is recognized as a liability in the accounting period in which the employees render services and is charged to current profit or loss or the cost of related assets according to the beneficiaries.

Post-employment benefits mainly include basic endowment insurance premiums and unemployment insurance premiums, and are classified as defined contribution plans according to the risks and obligations assumed by the Company. Contributions that are paid to a separate entity under a defined contribution plan to obtain services provided by the employees during the accounting period on the balance sheet date, shall be recognized as liabilities, and included in the current profit or loss or related asset cost according to the beneficiaries.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.18 Employee benefits (Continued)

Termination benefits arise from a decision to terminate the employment relationship with an employee prior to the expiration of the employee's employment contract or from an offer of compensation to encourage the employee to accept redundancy voluntarily. If the Company has formulated a formal plan for the termination of labor relations or proposed voluntary redundancy, and is about to implement it, and the Company cannot unilaterally withdraw the plan for the termination of labor relations or redundancy proposal, confirmation of the employee compensation liabilities arising from the termination of labor relations shall be recognized in the current profit or loss. Compensations payable for over a year shall be discounted at a discount rate and recognized in the current profit or loss.

3.19 Provisions

When the businesses related to contingencies including pending litigation or arbitration and product quality assurance conform to the following conditions simultaneously, the Company recognizes them as liabilities: the obligation is a present obligation of the Company; it is probable that an outflow of economic benefits from the Company will result from the settlement of the obligation; and the amount for such obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The Company reviews the current best estimate and adjusts the book value of the provision at the balance sheet date.

Contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value on initial recognition and subsequently measured at the higher of the amount to be recognized for the provision and the amount initially recognized less accumulated amortization determined in accordance with the revenue recognition principle.

Provisions that are expected to be settled within twelve months after the reporting date shall be classified as current liabilities in the statement of financial position.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.20 Revenue recognition principles and measurement methods

(1) General principles

The Company recognizes revenue when it has fulfilled its performance obligations under contracts, that is, when customers obtain control of the relevant goods or services. Obtain control of the relevant goods or services refers to being able to dominate the use of the goods or the provision of the services and obtain almost all economic benefits from them.

Performance obligations refers to the commitment made by the company in the contract to transfer clearly distinguishable goods to the customer. A performance obligation is fulfilled within a certain period of time if the company's performance obligations met one of the following conditions; a performance obligation is fulfilled at a certain point in time if none of the following conditions are met: ① The customer obtains and consumes the economic benefits arising from the Company's performance at the time of the Company's performance; ② The customer is able to control the commodities under construction in the course of the Company's performance; ③ The goods produced in the course of the Company's performance are of irreplaceable use and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period of time, revenue is recognized by the Company in accordance with the progress of performance over that period. When the progress of performance cannot be reasonably determined, revenue is recognized based on the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, revenue is recognized at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has acquired control of the commodity, the Company considers the following indications: ① The Company has a present right to receive payment for the commodity, the customer has a current payment obligation for the product; ② The Company has transferred legal title to the commodity to the customer, the customer already has legal ownership of the product; ③ The Company has physically transferred the commodity to the customer, the customer has already physically occupied the product; ④ The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, the customer has acquired the main risks and rewards of ownership of the product; ⑤ The customer has accepted the commodity; and ⑥ Other signs indicating that the customer has gained control of the product.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.20 Revenue recognition principles and measurement methods (Continued)

(1) *General principles (Continued)*

If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation at the beginning of the contract in proportion to the individual selling price of the goods or services promised by each individual performance obligation and measures income based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company is expected to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties. When determining the transaction price, the Company takes into account factors such as variable consideration and significant financing components in the contract.

If there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount to occur. The transaction price that includes variable consideration shall not exceed the amount that is highly unlikely to result in a significant reversal of the cumulative recognized income at the time of the elimination of relevant uncertainties. On each balance sheet date, the Company re estimates the variable consideration amount that should be included in the transaction price.

For contracts with a significant financing component, the Company determines the transaction price based on the amount payable that is assumed to be paid in cash by the customer at the time the customer obtains control of the goods, and uses a discount rate that discounts the notional amount of the contract consideration to the current selling price of the goods, and amortizes the difference between the determined transaction price and the promised consideration amount in the contract using the effective interest rate method during the contract period. On the commencement date of the contract, if the company expects the customer to obtain control of the goods or services and the customer pays the price within one year, significant financing elements in the contract will not be considered.

The company determines whether it is primarily responsible or acting as an agent when engaging in transactions based on whether it has control over the goods before transferring them to customers. If the company is able to control the goods before transferring them to the customer, then the company is the main responsible person and recognizes revenue based on the total amount of consideration received or receivable; Otherwise, as an agent, revenue shall be recognized based on the expected amount of commission or handling fees that the agent is entitled to receive. This amount shall be determined by deducting the total amount of consideration received or receivable from the amount payable to other relevant parties, or by determining the established commission amount or proportion.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.20 Revenue recognition principles and measurement methods (Continued)

(1) **General principles** (Continued)

For sales with sales return clauses, the Company recognizes revenue at the amount of consideration that it expects to be entitled to receive as a result of the transfer of goods to the customer when the customer obtains control of the related goods, and recognizes a provision at the amount that it expects to be refunded as a result of the return of the goods. At the same time, the Company recognizes an asset, i.e., the cost of returned goods receivable, at the book value at the time of transfer of the goods expected to be returned, less the costs (including the value reduction of the returned goods) expected to be incurred in recovering the goods, and carries forward the cost at the book value at the time of transfer of the goods transferred, less the cost of the asset mentioned above. At each balance sheet date, the Company re-estimates future sales returns and re-measures the above assets and liabilities.

According to the contract agreement, legal regulations, etc., the Company provides quality assurance for goods sold, which constitutes a warranty-type quality assurance to assure customers that the goods sold meet the established standards, and are accounted for by the Company in accordance with "Note III. 19. Provisions".

The Company's rights to receive consideration for goods or services that have been transferred to customers are presented as contract assets, and impairment of the contract assets is provided based on expected credit losses. The Company's unconditional rights to receive consideration from customers are presented as receivables. The Company's obligations to transfer goods or services to customers for consideration received or receivable are presented as contract liabilities.

(2) **Specific principles**

For the sales of electrical products and accessories business, as the customer has gained control of the relevant goods after they have signed for or inspected the goods. Therefore, the Company considers the above operations to be the fulfillment of performance obligations at a certain point in time, and should recognize the related revenue when the goods have been delivered to the customers and signed for by the customers.

For business application solutions, application software, and the installation and maintenance of network and data security products, the customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance, and the customer can control the goods under construction in the course of the Company's performance. Therefore, the Company considers that the above two operations are the fulfillment of performance obligations within a certain period of time, and should recognize the corresponding revenue based on the progress of the performance of the relevant projects throughout the performance period.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.21 Government grants

Government grants are recognized when the conditions attached to them can be met and they are receivable. Government grants are measured at the amount actually received if they are monetary assets. For subsidies allocated according to a fixed flat rate, or when there is conclusive evidence at year-end that the relevant conditions specified in the financial support policy can be met and the financial support funds are expected to be received, the subsidies are measured at the amount receivable; Government grants are measured at fair value if they are non-monetary assets, or at a nominal amount (RMB1) if the fair value cannot be reliably obtained.

The Company's government grants include asset-related government grants and income-related government grants. Among them, asset-related government grants refer to government grants obtained by the Company for the acquisition and construction or other formation of long-term assets; income-related government grants refer to government grants other than asset-related government grants. If the subsidized subjects of the grants are not specified in government documents, the Company will make judgments in accordance with the above distinguishing principles, and if it is difficult to distinguish the grants, they will be classified as income-related government grants as a whole.

The Company recognizes asset-related government grants as deferred income. Asset-related government grants that are recognized as deferred income are allocated evenly over the useful lives of the related assets and recognized in profit or loss for the current period. If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the related deferred income is transferred to profit or loss for the period in which the assets are disposed of.

Income-related government grants used to compensate for the related costs and expenses or losses in subsequent periods are recognized as deferred income and charged to profit or loss for the period in which the related costs and expenses or losses are recognized. Grants that compensate the Group for costs or losses already incurred are recognised in profit or loss in the period in which they become receivable. Government grants related to ordinary activities are charged to other income according to the substance of the economic operations. Government grants unrelated to ordinary activities are charged to non-operating income and expenses.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.22 Deferred tax assets and deferred tax liabilities

The Company's deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax bases of assets and liabilities and their book values, as well as the difference (temporary difference) between the tax bases of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax law and their book values.

The Company recognizes deferred tax liabilities for all taxable temporary differences except for the following: ① Temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities arising from transactions other than business combinations that affect neither the accounting profit nor taxable income (or deductible losses); ② Taxable temporary differences related to investments in subsidiaries, associates and joint ventures where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Company recognizes deferred tax assets for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that future taxable income will be available to offset such deductible temporary differences, deductible losses and tax credits, except in the following circumstances: ① Temporary differences arising from the initial recognition of assets or liabilities arising from transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses); ② Deductible temporary differences related to investments in subsidiaries, associates and joint ventures cannot simultaneously meet the following conditions: it is probable that the temporary differences will reverse in the foreseeable future, and it is probable that taxable income will be available to offset deductible temporary differences.

The Company recognizes deferred tax assets for all unutilized deductible losses to the extent that it is probable that sufficient taxable income will be available to offset the deductible losses. The management uses a substantial amount of judgment to estimate the timing and amount of future taxable income, in conjunction with tax planning strategies, to determine the amount of deferred tax assets to be recognized, hence there is uncertainty.

Deferred tax assets and deferred tax liabilities are measured at the balance sheet date at the tax rates that apply in the period in which the asset is expected to be recovered or the liability settled.

Deferred tax assets and deferred tax liabilities are presented in net amount after offsetting when the following conditions are simultaneously met: the Company has the legal right to settle current tax assets and current deferred tax liabilities on a net basis; deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities, but in each future period in which deferred tax assets and deferred tax liabilities of significance are reversed, the taxable entities involved intend to either settle the current tax assets and current tax liabilities on a net basis or to acquire the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.23 Lease

(1) Identification of lease

At the inception of a contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period in exchange for consideration.

If a contract contains several separate leases at the same time, the Company splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the Company, as the lessor, splits the lease and non-lease components and accounts for each separately, with each lease component being accounted for separately in accordance with the lease standards, and the non-lease component being accounted for in accordance with other applicable accounting standards for businesses. If the Company is the lessee, it chooses not to split the lease and non-lease components, and consolidates each lease component and the non-lease component associated with it into a separate lease, which is accounted for in accordance with the lease standard; however, if the contract includes an embedded derivative that is subject to splitting, the Company does not consolidate it with the lease component for accounting purposes.

(2) The Company as the lessee

1) Lease recognition

Except for short-term leases and low-value asset leases, the Company recognizes right-of-use assets and lease liabilities for leases on the commencement date of the lease term.

A right-of-use asset, which represents the right of the Company as lessee to use a leased asset over the lease term, is initially measured at cost. The costs include: ① the amount of the initial measurement of the lease liability; ② the amount of lease payments made on or before the commencement date of the lease term, net of the amount related to the lease incentive already enjoyed; ③ the initial direct costs incurred; and ④ the costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the condition agreed upon in the terms of the lease (except for those incurred for the production of inventories). If the Company remeasures the lease liability in accordance with the relevant provisions of the lease standard, the book value of the right-of-use asset is adjusted accordingly.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.23 Lease (Continued)

(2) *The Company as the lessee (Continued)*

1) *Lease recognition (Continued)*

The Company depreciates right-of-use assets on a straight-line basis based on the way the economic benefits associated with the right-of-use asset are expected to be consumed. If ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset; if ownership of the leased asset cannot be reasonably determined at the end of the lease term, depreciation is provided over the shorter of the lease term or the remaining useful life of the leased asset. The amount of provision for depreciation is charged to the cost of the related assets or current profit or loss, depending on the use of the right-of-use assets.

The Company initially measures the lease liability at the present value of the lease payments outstanding at the commencement date of the lease term. Lease payments include: ① fixed payments and substantially fixed payments, net of amounts related to lease incentives; ② variable lease payments depending on index or ratio; ③ the exercise price of the purchase option if the Company reasonably determines that the purchase option will be exercised; ④ the amount to be paid to exercise the option to terminate the lease if the lease term reflects that the Company will exercise the option to terminate the lease; and ⑤ the amount expected to be paid based on the residual value of the guarantee provided by the Company.

In calculating the present value of the lease payments, the Company uses the incremental borrowing rate as the discount rate. The Company calculates interest expense on lease liabilities at a fixed periodic rate for each period of the lease term and recognizes it in profit or loss for the current period, except when it should be capitalized.

After the commencement date of the lease term, the Company increases the book balance of the lease liability when it recognizes interest on the lease liability and decreases the book balance of the lease liability when it makes lease payments. When there is a change in the substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payments, a change in the appraisal of, or the actual exercise of, an option to purchase, an option to renew or an option to terminate the lease, the Company remeasures the lease liability based on the present value of the lease payments as a result of the change.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.23 Lease (Continued)

(2) *The Company as the lessee (Continued)*

2) *Short-term leases and low-value asset leases*

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases with lease terms of less than 12 months and leases of low-value assets where the individual leased assets are brand-new assets. The Company recognizes lease payments for short-term leases and leases of low-value assets in the cost of the related assets or current profit or loss on a straight-line basis in each period of the lease term.

(3) *The Company as the lessor*

When the Company acts as a lessor, it enters into leases as an operating lessor only. Lease payments from operating leases are recognised as rental income on either a straight-line basis over the lease term or another systematic basis that is more representative of the pattern of benefit.

Initial direct costs incurred by the Company in connection with an operating lease are capitalised to the carrying amount of the underlying asset and are recognised as an expense over the lease term on the same basis as the lease income. Variable lease payments from operating leases that are not included in the measurement of lease payments are recognised in profit or loss in the period in which they are incurred.

When an operating lease is modified, the Company accounts for the modification as a new lease from the effective date of the modification, and any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments for the new lease.

3.24 Discontinued operations

A discontinued operation means that a component of the Company that can be separately distinguished from others and meets one of the following conditions is disposed of or classified as held-for-sale: (1) the component represents a separate major business or a separate major operating area; (2) the component is part of an associated plan to dispose of a separate major business or a separate major operating area; and (3) the component is a subsidiary acquired specifically for resale.

In the income statement, the Group has added “net profit from continuing operations” and “net profit from discontinued operations” to the income statement under “net profit” to net of tax to reflect the profit or loss related to continuing operations and the profit or loss related to discontinued operations respectively. The profit or loss related to discontinued operations should be presented as discontinued operations profit or loss, and the discontinued operation’s profit or loss should be presented for the whole of the reporting period and not only for the reporting period after it is recognized as discontinued operations.



Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.25 Fair value measurement

The Company measures derivative financial instruments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities.

At each balance sheet date, the Company reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether a transition between the fair value measurement hierarchy has occurred.

3.26 Other significant accounting policies and accounting estimates

(1) *Segment information*

The Company's operating segments are defined in accordance with its internal organizational structure, management regulations and internal reporting system. An operating segment is a component of the Company that fulfills all the following conditions:

- (a) The component is capable of generating revenue and incurring expenses in the ordinary course of its activities;
- (b) The management of the Company reviews the operating results of the segment on a regular basis to determine the allocation of resources to it and to assess its performance; and
- (c) The Company has access to information about the segment's financial position, results of operations and cash flows.

The Company defines its reportable segments based on operating segments. Inter-segment revenue is measured based on the actual transaction price of such transactions.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.27 Changes in significant accounting policies and accounting estimates

(1) Significant changes in accounting policies

None.

(2) Significant changes in accounting estimates

None.

4. TAXES

4.1 Main tax types and rates

Tax category	Tax base	Tax rate
Value-added tax (VAT)	Income from sale of goods, income from technical services	13%/6%/9%
City maintenance and construction tax	Amount of VAT payable	7%
Education surcharge	Amount of VAT payable	5%
Corporate income tax	Taxable income	15%

Enterprise income tax rates for taxpayers:

Name of taxpayer	Income tax rate
The Company	15.00%
JIAODA WITHUB (HONG KONG) LIMITED	16.50%

Note: The Company's major operations are in the mainland; therefore, the tax expense is mainly in the mainland.

4.2 Tax incentives and approvals

(1) Corporate income tax

The Company obtained the "High and New Technology Enterprise Certificate (Certificate No. GR202531001927)" issued by the Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, and Shanghai Municipal Taxation Bureau of the State Administration of Taxation on December 19th, 2025, with a validity period of 3 years. According to the Law of the People's Republic of China on Enterprise Income Tax, the applicable enterprise income tax rate of the Company for FY2025 is 15%.



Notes to the Financial Statements

4. TAXES (Continued)

4.2 Tax incentives and approvals (Continued)

(2) Value-added tax (VAT)

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot Program of Changing Business Tax to Value-added Tax (Caishui [2016] No. 36), taxpayers entrusted with the provision of technological development and related technical consulting and technical services are exempted from value-added tax (VAT).

The Company applied the above VAT incentives for FY2025.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial statement data disclosed below, unless specifically indicated, “Beginning balance” refers to January 1st, 2025; “Ending Balance” refers to December 31st, 2025. “Current Year” refers to the period from January 1st, 2025 to December 31st, 2025; “Last Year” refers to the period from January 1st, 2023 to December 31st, 2023.

5.1 Cash and cash equivalents

Item	Ending Balance	Beginning Balance
Cash	64,998.11	3,997.93
Cash at bank	17,775,116.27	22,056,835.77
Other cash and cash equivalents	70,026.21	52,681.08
Total	17,910,140.59	22,113,514.78

Including: total amount deposited overseas	35,163.05	37,879.43
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Note: Among the cash at bank of the Company, RMB70,026.21 were deposits for letter of guarantee (2024: RMB52,681.08).

The interest rate of deposits is according to the market rate, which was from 0.05% to 1.10% (2024: from 0.10% to 1.50%).

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.2 Bill receivable

(1) Classification and presentation of accounts receivable

Item	Ending Balance	Beginning Balance
Bank acceptance bill		
Trade Acceptance Bills	3,270,584.88	
Total	3,270,584.88	

(2) Classified by bad debt provision method

Category	Book balance		Ending Balance		Book value
	Amount	Percent %	Amount	Percent %	
Provision for bad debts measured on an individual basis					
Provision for bad debts measured on a collective basis					
including: :Bank acceptance bill					
Trade acceptance bills	3,270,584.88	100.00			3,270,584.88
Total	3,270,584.88	100.00			3,270,584.88



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.2 Bill receivable (Continued)

(3) *Accounts receivable that have been endorsed or discounted at the end of the year and have not yet matured on the balance sheet date*

Category	Termination confirmation amount at Ending	Undertermination confirmation amount at Ending
Bank acceptance bill		
Trade acceptance bills		3,270,584.88
Total		3,270,584.88

5.3 Account receivables

(1) *Accounts receivable disclosed according to age of receivable*

The average credit period granted by the Company to its customers ranges from 90 to 180 days. For customers with well-performed credit histories and government agencies with reliable financial condition, credit periods of more than 180 days can be granted. Based on the date of products delivered or the date of services were afforded (which is an approximate estimate of the confirmed date of recognition), an aging analysis of accounts receivable (with the deduction of provision for bad debts) will be presented as follows:

Age of Accounts receivables	Ending Balance	Beginning Balance
Less than one year	9,913,025.53	10,768,481.84
including: 0-3 months	7,866,429.65	8,008,486.63
4-6 months	478,117.92	1,978,334.90
7-12 months	1,568,477.96	781,660.31
1-2 years	1,228,804.94	1,156,332.00
2-3 years	918,367.00	
Over 3 years	4,671,078.55	4,750,708.77
Total	16,731,276.02	16,675,522.61
Less: provision for bad debts	6,544,981.93	5,560,250.57
Total	10,186,294.09	11,115,272.04

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.3 Account receivables (Continued)

(2) Accounts receivables disclosed according to bad debt provision method

Category	Book balance		Ending Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	16,731,276.02	100.00	6,544,981.93	39.12	10,186,294.09
Of which: ageing portfolio	16,111,217.26	96.29	6,198,191.73	38.47	9,913,025.53
others	620,058.76	3.71	346,790.20	55.93	273,268.56
Total	16,731,276.02	100.00	6,544,981.93	39.12	10,186,294.09

Category	Book balance		Beginning Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	16,675,522.61	100.00	5,560,250.57	33.34	11,115,272.04
Of which: ageing portfolio	16,328,732.41	97.92	5,560,250.57	34.05	10,768,481.84
others	346,790.20	2.08			346,790.20
Total	16,675,522.61	100.00	5,560,250.57	33.34	11,115,272.04



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.3 Account receivables (Continued)

(2) Accounts receivables disclosed according to bad debt provision method (Continued)

- 1) Accounts receivables in portfolio whose bad debts provision is made based on aging as credit risk characteristics

Aging	Ending Balance			Beginning Balance		
	Accounts receivables	Bad debt provision	Expected loss rate %	Accounts receivables	Bad debt provision	Expected loss rate %
Less than one year	9,913,025.53			10,768,481.84		
Including: 0-3 months	7,866,429.65			8,008,486.63		
4-6 months	478,117.92			1,978,334.90		
7-12 months	1,568,477.96			781,660.31		
1-2 years	955,536.38	955,536.38	100.00	1,156,332.00	1,156,332.00	100.00
2-3 years	918,367.00	918,367.00	100.00			
Over 3 years	4,324,288.35	4,324,288.35	100.00	4,403,918.57	4,403,918.57	100.00
Total	16,111,217.26	6,198,191.73	38.47	16,328,732.41	5,560,250.57	34.05

- 2) Accounts receivable in the portfolio whose bad debts provision is made based on other credit risk characteristics

Aging	Ending Balance			Beginning Balance		
	Accounts receivables	Bad debt provision	Expected loss rate %	Accounts receivables	Bad debt provision	Expected loss rate %
Retention receivables and project payments within the credit period	273,268.56			346,790.20		
Past due retention receivables and project payments	346,790.20	346,790.20	100.00			
Total	620,058.76	346,790.20	55.93	346,790.20		

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.3 Account receivables (Continued)

(3) The movement of bad debt provision

Aging	Ending Balance	Beginning Balance
At 1st January	5,560,250.57	4,413,558.57
Cancellation of bad debts		
Additional bad debt provision	1,302,326.58	1,170,542.00
Reversal of bad debt provision	317,595.22	23,850.00
At 31st December	6,544,981.93	5,560,250.57

(4) Analysis of overdue receivables but not be impaired at balance date

Aging	Ending Balance	Beginning Balance
Not overdue and no impairment	8,617,816.13	10,333,611.73
Overdue but no impairment		
7 months to 12 months (inclusive)	1,568,477.96	781,660.31
Over 1 year		
Total	10,186,294.09	11,115,272.04

Note 1: The account receivables, which are not overdue and not be impaired, are mainly the customers currently without defaulted records.

Note 2: The account receivables, which are overdue but not be impaired, are mainly the customers with good payment records. According to previous experiences, management believes provision for bad debts are not needed, because there is no change in credit quality and the balance of total accounts receivables are recoverable.



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.3 Account receivables (Continued)

(5) The top 5 of account receivables

Company name	Ending Balance	Percentage of total ending balance of accounts receivables (%)	Ending balance of bad debt provision
No.1	2,740,635.74	16.38	
No.2	2,251,500.00	13.46	2,251,500.00
No.3	2,105,600.00	12.58	
No.4	1,435,525.38	8.58	
No.5	1,310,000.00	7.83	
Total	9,843,261.12	58.83	2,251,500.00

5.4 Bills receivable measured at fair value through other comprehensive income (FVOCI)

(1) Classification of bills receivable measured at FVOCI

Items	Ending Balance	Beginning Balance
Bank acceptance bills	258,047.27	487,821.00
Total	258,047.27	487,821.00

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.4 Bills receivable measured at fair value through other comprehensive income (FVOCI)

(Continued)

(2) Classification of bills receivable measured at FVOCI by method of providing for credit losses

Items	Book balance		Ending Balance		Book value
	Amount	Percent %	Amount	Percent %	
Provision for credit losses measured on a collective basis					
Including: Bank acceptance bills	258,047.27	100.00			258,047.27
Total	258,047.27	100.00			258,047.27

(3) Bills receivable measured at FVOCI: Provision for credit losses measured on a collective basis

Items	Book balance	Ending Balance	
		Bad debt provision	Expected loss rate %
Bank acceptance bills	258,047.27		
Total	258,047.27		

(4) Bills receivable at FVOCI endorsed or discounted but not yet due at the end of the reporting period

Items	Derecognised amount at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills	542,380.00	
Total	542,380.00	



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.5 Prepayments

(1) Aging analysis

Items	Ending Balance		Beginning Balance	
	Amount	Percent %	Amount	Percent %
Within 1 year	3,518.43	72.12	23,552.84	94.54
1-2years				
2-3 years				
More than 3 years	1,360.00	27.88	1,360.00	5.46
Total	4,878.43	100.00	24,912.84	100.00

5.6 Other receivables

Items	Ending Balance	Beginning Balance
Interest receivable		
Dividend receivable		
Other receivables	793,475.29	1,622,403.19
Total	793,475.29	1,622,403.19

(1) Other receivables disclosed by nature

Nature	Ending Balance	Beginning Balance
Bond, petty cash, deposit	772,263.67	1,576,263.67
Current account	662,864.80	673,292.70
Total	1,435,128.47	2,249,556.37

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.6 Other receivables (Continued)

(2) Aging analysis

Aging	Ending Balance	Beginning Balance
Within 1 year	37,686.97	1,038,574.52
More than 1 year	1,397,441.50	1,210,981.85
Total	1,435,128.47	2,249,556.37
Provision of bad debts	641,653.18	627,153.18
Net value	793,475.29	1,622,403.19

(3) Other receivables classified by bad debt provisioning methods

Category	Book balance		Ending Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	1,435,128.47	100.00	641,653.18	44.71	793,475.29
Including: ageing portfolio	662,864.80	46.19	641,653.18	96.80	21,211.62
Others	772,263.67	53.81			772,263.67
Total	1,435,128.47	100.00	641,653.18	44.71	793,475.29

Note: Others includes bond, petty cash and deposit.

Category	Book balance		Beginning Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	2,249,556.37	100.00	627,153.18	27.88	1,622,403.19
Including: ageing portfolio	673,292.70	29.93	627,153.18	93.15	46,139.52
Others	1,576,263.67	70.07			1,576,263.67
Total	2,249,556.37	100.00	627,153.18	27.88	1,622,403.19



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.6 Other receivables (Continued)

(4) The movement of bad debt provision during this year

Aging	Ending Balance	Beginning Balance
At 1st January	627,153.18	613,050.00
Cancellation of bad debts		
Additional bad debt provision	14,500.00	14,103.18
Reversal of bad debt provision		
At 31st December	641,653.18	627,153.18

(5) The top 5 of other receivables

Company	Nature	Ending Balance	Aging	Percentage of total ending balance of other receivable (%)	Ending balance of bad debt provision
No.1	Deposit	626,535.00	More than one year	43.66	
No.2	Current account	280,460.00	More than one year	19.54	280,460.00
No.3	Current account	200,000.00	More than one year	13.94	200,000.00
No.4	Retention receivables	91,132.50	More than one year	6.35	
No.5	Current account	90,000.00	More than one year	6.27	90,000.00
Total		1,288,127.50		89.76	570,460.00

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.6 Other receivables (Continued)

(6) Receivables of employees' borrowing

Department	Government Enterprise Project Department	Arbitration team	Software department	Total
Purpose	Petty cash	Petty cash	Petty cash	Petty cash
Amount				
– Current year			5,000.00	5,000.00
– Last year	60,000.00	56,500.00		116,500.00
Bad debt provision				

5.7 Inventories

(1) Inventories by nature

Item	Book Balance	Ending Balance Inventory Impairment/ Provision for impairment of contract performance costs	Book Value	Book Balance	Beginning Balance Inventory Impairment/ Provision for impairment of contract performance costs	Book Value
Merchandises	677,034.92	610,464.29	66,570.63	718,932.65	610,464.29	108,468.36
Contract performance cost	2,649,569.25		2,649,569.25	4,916,171.11		4,916,171.11
Total	3,326,604.17	610,464.29	2,716,139.88	5,635,103.76	610,464.29	5,024,639.47



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.7 Inventories (Continued)

(2) Inventory Impairment

Item	Beginning Balance	Addition		Deduction		Ending Balance
		Provision made	Others	Reversed or utilised	Others	
Merchandises	610,464.29			-		610,464.29
Total	610,464.29			-		610,464.29

(3) Provisions of inventory impairment

Item	Basis of determination on net realisable value	Reasons for reversal or write-off
Merchandises	The net realizable value is determined by the estimated selling price of merchandise deducting its estimated sales expenses and relevant taxes	No reversal or write-off during current year

5.8 Other current assets

Item	Beginning Balance	Ending Balance
Prepaid expenses	7,950.00	
Total	7,950.00	

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.9 Long-term equity investment

(1) Classification of long-term equity investment

Item	Ending Balance	Beginning Balance
Under equity method	36,317,000.00	36,317,000.00
Proportion of takeover loss and other comprehensive (deduct received dividend)	-20,413,517.33	-15,639,496.33
Total of long-term equity investment	15,903,482.67	20,677,503.67
Less: Impairment of the long-term equity investment	12,624,000.00	12,624,000.00
Value of long-term equity investment	3,279,482.67	8,053,503.67

Note: As at 31st December 2025, the investment costs, coming from associated companies, include goodwill amounted to RMB2,699,000.00, the related investment value with associated companies has been impaired fully in the past years.

(2) Long-term equity investment computed under equity method

Investee	Beginning Balance	Beginning balance of provision for impairment	Additional Investment	Reduction of Investment	Increase/Decrease for the year						Ending Balance	Provision for Impairment
					Investment Gain or Loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividends or profit	Provision for impairment	Others		
Associated Companies												
Including: Hold by the Company												
Shanghai Jiaoda Technology Park and information technology (Shangrao) Limited	10,000,000.00	10,000,000.00									10,000,000.00	10,000,000.00
Shanghai TonTron Information and technology co. Limited	5,890,703.88				-2,954,274.05						2,936,429.83	
Shanghai Withub Duogao Information Engineer Limited	2,162,799.79				-1,819,746.95						343,052.84	
Subsidiary holds												
Union Genesis Limited	2,624,000.00	2,624,000.00									2,624,000.00	2,624,000.00
Total	20,677,503.67	12,624,000.00			-4,774,021.00						15,903,482.67	12,624,000.00

Note: On December 30, 2025, the company's board of directors approved the initiation of the transfer of the company's 34% equity in Withub Duogao through a vote, and authorized the company's management to carry out the work within the corresponding authority.



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.10 Other non-current financial assets

(1) Classification of other non-current financial assets

Investee	Ending Balance	Beginning Balance
Shanghai Jiaoda Withub Technological Street Limited	4,352,070.01	4,378,279.02
Total	4,352,070.01	4,378,279.02

(2) Investment in other non-current financial assets

Item	Beginning Balance	Changes in fair value during the current reporting period	Ending Balance	Current year dividend income
Shanghai Jiaoda Withub Technological Street Limited	4,378,279.02	-26,209.01	4,352,070.01	30,900.00
Total	4,378,279.02	-26,209.01	4,352,070.01	30,900.00

Note: Other non-current financial assets are mainly equity investments in non-listed companies. If there is no recent equity transaction price of unlisted company, the Company will identify it as at Level 3 fair value measurement. Since there is no significant change in the business environment, operating conditions and financial status of the invested enterprise, the Company uses investment cost and its share in the net assets of the invested enterprise as reference and measure it as a reasonable estimate of the fair value.

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.11 Fixed Asset

Item	Ending Balance	Beginning Balance
Fixed asset	37,775.93	44,679.91
Fixed asset clean up		
Total	37,775.93	44,679.91

(1) General situation of fixed assets

Item	Lease Improvement Project	Transportation Equipment	Office Equipment and others	Total
I Original book value				
1. Beginning balance	1,555,466.00	681,463.18	267,489.07	2,504,418.25
2. Increase for the period				
3. Decrease for the period				
4. Ending balance	1,555,466.00	681,463.18	267,489.07	2,504,418.25
II Accumulated depreciation				
1. Beginning balance	1,555,466.00	661,019.28	243,253.06	2,459,738.34
2. Increase for the period			6,903.98	6,903.98
(1) Depreciation			6,903.98	6,903.98
3. Decrease for the period				
4. Ending balance	1,555,466.00	661,019.28	250,157.04	2,466,642.32
III Impairment				
1. Beginning balance				
2. Increase for the period				
3. Decrease for the period				
4. Ending balance				
IV Net value				
1. Ending balance		20,443.90	17,332.03	37,775.93
2. Beginning balance		20,443.90	24,236.01	44,679.91



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.12 Intangible assets

(1) General situation of intangible assets

Item	Acquired trade name	Development costs	Total
I Original book value			
1. Beginning Balance	6,000,000.00	3,679,082.63	9,679,082.63
2. Increase for the period			
3. Decrease for the period			
4. Ending Balance	6,000,000.00	3,679,082.63	9,679,082.63
II Accumulated amortization			
1. Beginning Balance	6,000,000.00	3,679,082.63	9,679,082.63
2. Increase for the period			
3. Decrease for the period			
4. Ending Balance	6,000,000.00	3,679,082.63	9,679,082.63
III Impairment provision			
1. Beginning Balance			
2. Increase for the period			
3. Decrease for the period			
4. Ending Balance			
IV Net value			
1. Ending book value			
2. Beginning book value			

Note 1: Acquired trade name represents an one-off fee paid to Shanghai Jiao Tong University (上海交通大學) for using the name 「交大」 and the right to engage the Electronic Information Institute of Shanghai Jiao Tong University to provide research and development support on a recovery cost basis. The total fee paid for the above contractual rights is RMB6, 000,000. The contract term is 10 years and is renewable for a further term of 10 years at the discretion of the Company.

Note 2: Development costs represent internally-generated assets relating to the development of an information sharing platform project. Meanwhile, the relevant project was completed in 2014, and the remaining development costs was fully amortized during the year.

Note 3: The above intangible asset has limited useful life. Such intangible asset is amortized on a straight-line basis over the following periods:

Acquired trade name:	20 years
Development costs:	estimate over the project period

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.13 Deferred tax assets and deferred tax liabilities

(1) Unrecognized deferred tax assets (Temporary difference)

Item	Ending balance	Opening balance
Bad debt provision	7,186,635.11	6,187,403.75
Inventories impairment	610,464.29	610,464.29
Impairment of long-term equity investment	12,624,000.00	12,624,000.00
Deductible loss	93,444,656.37	110,167,678.85
Total	113,865,755.77	129,589,546.89

Note: Due to the uncertainty of acquiring enough taxable income in the near futures, deductible temporary difference and deductible accumulated loss are not recognized as deferred tax assets.

(2) Deductible loss of unrecognized deferred tax assets expired in following period

Item	Ending balance	Opening balance
2025 and following years		110,167,678.85
2026 and following years	93,444,656.37	
Total	93,444,656.37	110,167,678.85

5.14 Assets with restrictions on ownership or use

Item	Book balance	Ending balance			Book balance	Opening balance		
		Net value	Restricted type	Restricted Condition		Net value	Restricted Type	Restricted Condition
Cash and cash equivalents	70,026.21	70,026.21	Hypothecation	Bond deposit	52,681.08	52,681.08	Hypothecation	Bond deposit
Total	70,026.21	70,026.21			52,681.08	52,681.08		



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.15 Accounts payables

(1) Accounts payables

Item	Ending balance	Opening balance
Projects	21,157,125.15	19,601,293.57
Goods	2,138,594.01	3,122,628.58
Total	23,295,719.16	22,723,922.15

Note: The increase in accounts payable as at the end of the year compared with that as at the beginning of the year was primarily due to certain projects of the Company not yet being settled.

(2) Significant trade payable and aging over 1 year

Company	Ending balance	Reasons for non-repayment
No.1	1,615,214.20	Not settled
Total	1,615,214.20	

(3) Age analysis of trade payables

At 31 December 2024, the aging analysis based on the invoice date of trade payables presented as follows:

Item	Ending balance	Opening balance
Within 1 year	18,104,202.20	19,474,370.97
More than 1 year	5,191,516.96	3,249,551.18
Total	23,295,719.16	22,723,922.15

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.16 Contract liabilities

(1) Information about contract liabilities

Item	Ending balance	Opening balance
Accrued receivables	741,254.36	6,768,862.90
Total	741,254.36	6,768,862.90

Note: The decrease in contract liabilities as at the end of the current year compared with that as at the beginning of the year was primarily due to the revenue recognised from the advances received from the Guosheng Project which was completed during the current year.

5.17 Payroll Payable

(1) Classification of payroll payable

Item	Beginning Balance	Increasing during current year	Decreasing during current year	Ending Balance
Short-term payroll	1,527,559.95	15,812,339.07	16,182,979.26	1,156,919.76
Post-employment benefits – Defined contribution plan	154,493.19	1,843,009.80	1,865,105.34	132,397.65
Termination Benefit		471,300.00	471,300.00	
Total	1,682,053.14	18,126,648.87	18,519,384.60	1,289,317.41

(2) Short-term payroll

Item	Beginning Balance	Increasing during current year	Decreasing during current year	Ending Balance
Wages (including bonuses, allowances and subsidies)	1,319,941.07	13,623,501.69	14,104,874.07	838,568.69
Staff welfare		126,719.79	126,719.79	
Social insurance	85,767.13	1,025,182.52	1,036,325.52	74,624.13
Including: Medical insurance	84,269.06	993,984.52	1,006,036.68	72,216.90
Work-related injury insurance	1,498.07	31,198.00	30,288.84	2,407.23
Housing fund	63,061.00	777,414.00	786,648.00	53,827.00
Labour union expenditure and employee education fund	58,790.75	259,521.07	128,411.88	189,899.94
Total	1,527,559.95	15,812,339.07	16,182,979.26	1,156,919.76



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.17 Payroll Payable (Continued)

(3) Defined contribution plan

The Company participates in local social insurance and pays related fees according to local government policy. Except fees paid as mentioned, the Company don't undertake further payment. Related expenditures accounted in current profit or loss.

The amount the company pays to endowment insurance and unemployment insurance is as follow:

Item	Beginning Balance	Increasing during current year	Decreasing during current year	Ending Balance
Basic pension insurance	149,811.52	1,786,912.00	1,808,337.92	128,385.60
Unemployment insurance	4,681.67	56,097.80	56,767.42	4,012.05
Total	154,493.19	1,843,009.80	1,865,105.34	132,397.65

Note: Contributions payable by the Company to the defined contribution plans for the current year amounted to RMB1,843,009.80. The decrease compared with the prior year was primarily attributable to the reduction in the number of employees during the current year. (FY 2024: RMB2,080,307.64) At closing date 2025-12-31, the company still has RMB132,397.65 (FY 2024: RMB154,493.19) need to be paid which has been paid after the report date.

For the two financial years ending on 31 December 2024 and 31 December 2025 respectively, there remain no forfeited contributions under the Group's undefined contribution plan (employers on behalf of employees who leave the scheme before full attribution to the contribution) that are available to the Group to reduce the existing level of contributions.

5.18 Tax payable

Item	Ending Balance	Beginning Balance
Value-added Tax	368,266.15	613,364.63
Individual Income	29,463.38	36,029.27
Urban Maintenance and Construction Tax	12,889.31	21,467.76
Educational Surtax	5,523.99	9,200.47
Local Educational Surtax	3,682.66	6,133.64
Tax Stamp Tax	1,727.21	5,304.32
Total	421,552.70	691,500.09

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.19 Other payables

Nature	Ending Balance	Beginning Balance
Interest payables		
Dividends payables		
Other payables	7,232,655.36	5,011,214.74
Total	7,232,655.36	5,011,214.74

(1) Other payables classified by nature

Nature	Ending Balance	Beginning Balance
Estimated expenses	558,000.00	558,000.00
Others	6,674,655.36	4,453,214.74
Total	7,232,655.36	5,011,214.74

5.20 Other current liabilities

Item	Ending Balance	Beginning Balance
Bills receivable not yet derecognised	3,270,584.88	
Total	3,270,584.88	



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.21 Share capital

The movement of authorized, issued and paid-in share capital are set out as follows. All shares of the Company are the ordinary shares of nominal value of RMB0.1 each.

Item	Beginning Balance	Changes during the year (+,-)				Subtotal	Ending Balance
		Issue of new shares	Stock dividends	Converted from public reserve	Others		
Total shares	48,000,000.00						48,000,000.00
Domestic shares	34,800,000.00						34,800,000.00
Overseas listed foreign shares	13,200,000.00						13,200,000.00

Note: Domestic shares and H shares are the ordinary shares of the company. However, H shares can only subscribe or trade in HKD by legal entity or natural person of Hong Kong, Macau, Taiwan or other countries, except for China, and domestic shares must be subscribed or traded in RMB by legal entity and nature person of China. All dividends of H share should be paid in HKD, and all dividends of domestic shares should be paid in RMB. Besides, all domestic shares or H shares have equal rights, and declaration of dividends, distribution shares or dividends distribution have the equal status.

5.22 Capital reserve

Item	Beginning Balance	Increasing during current year	Decreasing during current year	Ending Balance
Share capital premium	61,068,451.89			61,068,451.89
Other capital reserve	16,239,897.31			16,239,897.31
Total	77,308,349.20			77,308,349.20

Note: The Company, in the early stage of its incorporation, obtained technology know-how from a promoter of the Company, Shanghai Jiao Tong University, at nil consideration. In February 2000, the Company injected this technology know-how, the Courts Management Information System, into Withub Technology at the value of RMB16, 000,000 in exchange for 44.44% equity interest in Withub Technology. The value of the contributed technology know-how by Shanghai Jiao Tong University was recorded in the capital reserve of the Company.

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.23 Other Comprehensive Income

Item	Amount for the year							Ending Balance
	Beginning Balance	Amount before income tax for the current year	Less: Transferred from other comprehensive income of previous year to current profit and loss	Less: Transferred from other comprehensive income of previous year to retained earnings	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
1.Item that may not be reclassified subsequently to profit and loss								
2.Item that may be reclassified subsequently to profit and loss:	1,461,081.97	-933.44						1,460,148.53
In which: Foreign currency translation difference	1,461,081.97	-933.44						1,460,148.53
Total	1,461,081.97	-933.44						1,460,148.53

5.24 Surplus reserve

Item	Beginning Balance	Increasing during current year	Decreasing during current year	Ending Balance
Statutory surplus reserves	148,641.53			148,641.53
Statutory welfare reserve	74,320.76			74,320.76
Total	222,962.29			222,962.29



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.25 Undistributed profits

Item	Current Year	Last Year
Year-end balance at the end of last year	-111,004,920.56	-108,315,932.08
Add: Undistributed profit adjustments at the beginning of the year		
Of which: changes in accounting policies		
Beginning Balance	-111,004,920.56	-108,315,932.08
Add: net profits of current year attribute to parent company's owners	-9,420,784.29	-2,688,988.48
Ending Balance	-120,425,704.85	-111,004,920.56

5.26 Operating income & Operating cost

(1) Operating income & Operating cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main operation	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92
Other operation	395,724.75	748,162.29	736,492.87	1,551,420.00
Total	75,472,226.94	59,662,656.07	56,471,731.84	37,911,301.92

Note: The income from other operation was mainly the income of rental.

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.26 Operating income & Operating cost (Continued)

(2) Information relating to income from contracts

1) Income from main operation by category

Contract classification	Current Year		Last Year	
	Income	Cost	Income	Cost
the sales of electrical products	2,207,266.57	1,775,295.89	1,242,246.63	376,211.01
Commercial application program and software	54,713,332.05	44,548,576.34	34,239,827.06	23,680,448.39
Installation and maintenance of network and data security products	18,155,903.57	12,590,621.55	20,253,165.28	12,303,222.52
Total	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92

2) Operating income – classified by region

Region	Current Year		Last Year	
	Income	Cost	Income	Cost
Mainland China	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92
Total	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92

3) Operating income – classified by recognition time

Item	the sales of electrical products	Commerical application program and software	Installation and maintenance of network and data security products	Current year
Within a certain period of time		54,713,332.05	18,155,903.57	72,869,235.62
At a certain point of time	2,207,266.57			2,207,266.57
Total	2,207,266.57	54,713,332.05	18,155,903.57	75,076,502.19



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.26 Operating income & Operating cost (Continued)

(2) Information relating to income from contracts (Continued)

3) Operating income – classified by recognition time (Continued)

Item	the sales of electrical products	Commercial application program and software	Installation and maintenance of network and data security products	Last year
Within a certain period of time		34,239,827.06	20,253,165.28	54,492,992.34
At a certain point of time	1,242,246.63			1,242,246.63
Total	1,242,246.63	34,239,827.06	20,253,165.28	55,735,238.97

(3) Relevant Information about performing obligation

Income from the sales of electrical products is confirmed when the customer obtains control of the products, in which case the products are transferred and accepted by the customer.

Income from commercial application program and software, installation and maintenance of network and data security products is confirmed by relevant performance schedule, because the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company performs the contract, and the customer is able to control the goods under construction in the process of the company's performance.

(4) Information relating to the transaction price apportioned to the remaining performance obligation

The aggregate amount of the transaction price allocated to the remaining performance obligations under contracts signed with customers as at the end of the current year but for which the performance obligations have not yet been satisfied or partially satisfied amounted to RMB34.1 million, of which RMB34.1 million (inclusive of VAT) is expected to be recognised as revenue during the year ending 31 December 2026.

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.27 Tax and surcharge

Item	Current Year	Last Year
Urban Construction & Maintenance Tax	45,991.86	52,724.41
Education Surcharge	32,851.30	37,660.29
Other	14,993.18	30,107.18
Total	93,836.34	120,491.88

5.28 Sales expense

Item	Current Year	Last Year
Personnel expenses	2,643,138.86	3,823,528.43
Depreciation of right of use assets	566,323.20	238,081.32
Sales office expense	216,270.31	182,637.22
Selling travelling expenses	117,331.53	130,924.06
Business development expenses	14,501.68	16,594.82
Others	134,490.02	135,300.60
Total	3,692,055.60	4,527,066.45

5.29 Administration expenses

Item	Current Year	Last Year
Personnel expenses	8,584,584.57	8,895,970.32
Outsourcing service fees	891,394.92	1,142,414.86
In which: Audit Services Fee	360,000.00	360,000.00
Federation Service Fee	189,094.50	237,270.70
Other Service Fee	342,300.42	545,144.16
Depreciation of right of use assets	915,023.84	609,678.83
Rent and utility bills	281,129.37	459,059.90
Business development expenses	94,074.14	60,416.86
Others	261,795.56	386,019.91
Total	11,028,002.40	11,553,560.68



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.30 Research and development expenses

Item	Current Year	Last Year
Research and development expenses	4,880,853.03	4,386,619.89
Total	4,880,853.03	4,386,619.89

5.31 Financial expenses

(1) Breakdown of financial expense

Item	Current Year	Last Year
Interest changes		94,129.63
Less: Interest income	69,596.82	89,711.16
Add: Exchange loss		
Bank charge	6,460.34	8,384.75
Total	-63,136.48	12,803.22

(2) Breakdown of interest income

Item	Current Year	Last Year
Interest income of bank deposit	69,596.82	89,711.16
Interest income accrued at actual interest rates		
Total	69,596.82	89,711.16

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.32 Other gain

Sources of other income	Current Year	Last Year
Others	167,116.68	79,625.70
Total	167,116.68	79,625.70

5.33 Investment Income

Item	Current Year	Last Year
Investment income of financial assets measured at fair value through profit or loss during the holding period	30,900.00	33,900.00
Long-term equity investment income calculated by equity method	-4,774,021.00	416,931.10
Total	-4,743,121.00	450,831.10

5.34 Gain or loss from changes in fair values

Item	Current Year	Last Year
Gains from changes in fair value of other non-current financial assets	-26,209.01	475.58
Total	-26,209.01	475.58



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.35 Credit impairment losses

Item	Current Year	Last Year
Notes receivable and bad debt losses of accounts receivable	-980,806.71	-1,146,692.00
Financial assets held for trading	-18,424.65	-14,103.18
Total	-999,231.36	-1,160,795.18

5.36 Non-operation Income

Item	Current Year	Last Year
Others	2,700.42	
Total	2,700.42	

5.37 Income tax expense

Item	Current Year	Last Year
Current income tax		
Deferred income tax		19,013.48
Total		19,013.48

5.38 Other Comprehensive Income

For details, please refer to the “5.23 Other Comprehensive Income” of this Note.

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.39 Items to the cash flow statement

(1) Cash related to operating activities

1) Other cash received related to operating activities

Item	Current Year	Last Year
Net Balance of Receivables and Payables	814,427.90	
interest revenue	69,596.82	89,711.16
non-operating income	2,700.42	
other income	167,116.68	79,625.70
Total	1,053,841.82	169,336.86

2) Other Cash Payments Related to Operating Activities

Item	Current Year	Last Year
cash payment for sales expense	486,985.54	465,456.70
cash payment for administration expense	1,529,557.85	2,047,911.53
cash payment for Research and development expense	3,294.34	6,552.48
cash payment for financial expense	6,460.34	8,384.75
Net Balance of Receivables and Payables	–	125,605.47
Total	2,026,298.07	2,653,910.93



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.40 Supplemental information for the consolidated cash flow statement

(1) Supplemental information for the consolidated cash flow statement

Item	Current Year	Last Year
I Reconciliation of net profit to cash flows from operating activities:		
Net Profit	-9,420,784.29	-2,688,988.48
Add: Provision for assets impairment		
Credit assets impairment	999,231.36	1,160,795.18
Fixed assets depreciation	6,903.98	12,380.15
Right-of-use assets depreciation		2,165,913.85
Intangible assets amortization		
Scrapped loss on fixed assets (gain marked as "-")		
Gain or loss from changes in fair values (gain marked as "-")	26,209.01	-475.58
Finance costs (gain marked as "-")		94,129.63
Investment loss (gain marked as "-")	4,743,121.00	-450,831.10
Decrease in deferred tax assets		343,900.56
Increase in deferred tax liabilities		-324,887.08
Decrease in Inventories (increase marked as "-")	2,308,499.59	-4,454,551.22
Decrease in operating receivables (increase marked as "-")	-2,262,102.25	-7,259,576.98
Increase in operating payables (decrease marked as "-")	-651,763.41	15,795,309.38
Others		
Net cash flow from operating activities	-4,250,685.01	4,393,118.31
II Significant non-cash investing and financing activities:		
III Net changes in cash and cash equivalents:		
Ending balance	17,840,114.38	22,060,833.70
Less: Beginning balance	22,060,833.70	17,637,191.04
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-4,220,719.32	4,423,642.66

Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.40 Supplemental information for the consolidated cash flow statement (Continued)

(2) Cash and Cash Equivalents

Item	Current Year	Last Year
Cash	17,840,114.38	22,060,833.70
Including: Cash on hand	64,998.11	3,997.93
Bank deposit available-for-use	17,775,116.27	22,056,835.77
Cash and cash equivalents balance at the end of the year	17,840,114.38	22,060,833.70
Including: Restricted use on Cash and cash equivalent of parent company and its subsidiaries	35,163.05	37,879.43

(3) Monetary Funds that Are Not Considered as Cash and Cash Equivalents

Item	Current Year	Last Year	Reason
Other cash or cash equivalents	70,026.21	52,681.08	deposits for letter of guarantee
Total	70,026.21	52,681.08	

5.41 Foreign Currency Item

(1) Foreign Currency item

Item	Ending Foreign Currency Balance	Exchange rate	Ending RMB Balance
Monetary funds			
Including: USD	60.66	7.03	426.37
HKD	38,458.67	0.90	34,736.64
JPY	1.00	0.04	0.04

(2) Overseas operating entities

Overseas operating entities	Principal place of business	Reporting Currency	Whether change or not on reporting currency
Jiaoda Withub (Hong Kong) Limited	Hong Kong	HKD	No



Notes to the Financial Statements

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.42 Lease

(1) Our company as the lessee

Item	Current Year	Last Year
Interest Expense on Lease Liabilities		94,129.63
Short-term Lease Expenses Accounted for as Current Losses and Profits with Simplified Treatment	2,386,800.00	
Lease Expenses for Low-value Assets Accounted for as Current Losses and Profits with Simplified Treatment (Excluding Short-term Leases)		
Variable Lease Payments Not Included in the Measurement of Lease Liabilities		
Including: Portions Generated from Sale-and-Leaseback Transactions		
Income Derived from Subletting Right-to-use Assets	395,724.75	736,492.87
Total Cash Outflows Related to Leases		
Related Losses and Profits Generated from Sale-and-Leaseback Transactions		
Cash Inflows from Sale-and-Leaseback Transactions		
Cash outflows from Sale-and-Leaseback Transactions		

6. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current Year	Last Year
Personnel expenses	4,876,165.69	4,379,511.69
Others expenses	4,687.34	7,108.20
Total	4,880,853.03	4,386,619.89
Including: Expensed research and development expenses	4,880,853.03	4,386,619.89
Capitalised research and development expenses		

7. CHANGES IN THE SCOPE OF CONSOLIDATION

7.1 Business combinations involving entities not under common control

None

7.2 Business combinations involving entities under common control

None

Notes to the Financial Statements

8. RIGHTS IN OTHER ENTITIES

8.1 Interests in subsidiaries

(1) Structure of the Group

Name of subsidiaries	Registered/issued, and fully paid-up capital	Principal place of operation	Place of registration	Business nature	Percentage of shareholding (%)		Acquisition Method
					Direct	Indirect	
Jiaoda Withub (Hong Kong) Limited	HKD 12,000,000	Hong Kong	Hong Kong	No operation	100		Incorporation
Shanghai Withub Information and Professional Training School (The School)	1,000,000	Shanghai	Shanghai	No operation	100		Incorporation

Note: The School is a non-profit making entity with a paid-in capital of RMB1,000,000. According to the articles of association of the School and the relevant regulations in the PRC governing educational institutions, all earnings and profits of the School can only be used to improve its internal facilities and training standard, and cannot be used for any other purposes or be distributed to its organiser.

8.2 Interests in joint ventures or associates

(1) Significant joint ventures and associates

Name	Principal place of operation	Place of incorporation/ establishment and operation	Business Type	Percentage of shareholding (%)		The accounting treatment methods for investments in joint ventures or associates.
				Direct	Indirect	
Shanghai TonTron Information Technology Company Limited ("Shanghai Tong Tron")	Shanghai	Shanghai	Development and sales business solution & computer accessories	33.94	-	Equity Method Accounting
Shanghai Withub Duogao Information Construction Company Limited	Shanghai	Shanghai	Design and installation Intelligent Home System	34.00		Equity Method Accounting
Union Genesis Limited	British Virgin Island	British Virgin Island	Investment	-	38.30	Equity Method Accounting
C-NOVA Microsystems Limited	Hong Kong	Hong Kong	Design, produce and sales on electronics hardware and software	-	38.30	Equity Method Accounting
C-NOVA Microsystems (Shanghai)Limited	Shanghai	Shanghai	Design, produce and sales on electronics hardware and software	-	38.30	Equity Method Accounting



Notes to the Financial Statements

8. RIGHTS IN OTHER ENTITIES (Continued)

8.2 Interests in joint ventures or associates (Continued)

(2) Main financial information of significant associates

Shanghai TonTron Techonology Co., Ltd

Item	Ending Balance	Beginning Balance
Current assets	21,497,922.27	32,453,505.38
Non-current assets	5,930,876.22	1,830,191.66
Total assets	27,428,798.49	34,283,697.04
Current liabilities	18,025,813.60	11,530,129.40
Non-current liabilities	749,992.51	5,395,000.00
Total liabilities	18,775,806.11	16,925,129.40
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	8,652,992.38	17,358,567.64
Net asset calculated by proportion of shareholding	2,936,429.83	5,890,703.88
Adjustment		
– Goodwill		
– Unrealized profit of internal trading		
– Others		
Book value of joint venture equity investment	2,936,429.83	5,890,703.88
Operation income	42,879,736.18	50,118,990.31
Net Profits	-8,705,575.26	1,875,279.89
Others comprehensive income		
Total comprehensive income	-8,705,575.26	1,875,279.89
Dividends from the joint venture in Current Year		

Notes to the Financial Statements

8. RIGHTS IN OTHER ENTITIES (Continued)

8.2 Interests in joint ventures or associates (Continued)

(2) Main financial information of significant associates (Continued)

Shanghai Withub Duogao Information Construction Co., Ltd

Item	Ending Balance	Beginning Balance
Current assets	26,775,736.22	22,068,432.07
Non-current assets	241,493.06	238,663.72
Total assets	27,017,229.28	22,307,095.79
Current liabilities	26,755,197.33	16,166,508.16
Non-current liabilities		
Total liabilities	26,755,197.33	16,166,508.16
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	788,390.71	6,140,587.63
Net asset calculated by proportion of shareholding	268,052.84	2,087,799.79
Adjustment		
– Goodwill	75,000.00	75,000.00
– Unrealized profit of internal trading		
– Others		
Book value of joint venture equity investment	343,052.84	2,162,799.79
Operation income	37,151,056.89	31,250,374.12
Net Profits	-1,184,983.04	-639,713.61
Others comprehensive income		
Total comprehensive income	-1,184,983.04	-639,713.61
Dividends from the joint venture in Current Year		



Notes to the Financial Statements

8. RIGHTS IN OTHER ENTITIES (Continued)

8.2 Interests in joint ventures or associates (Continued)

(2) Main financial information of significant associates (Continued)

Union Genesis Limited and other subsidiaries (C-NOVA Microsystems Limited \ C-NOVA Microsystems (Shanghai)Limited)

Item	Ending Balance	Beginning Balance
Current assets	37,327,276.00	38,233,529.88
Non-current assets	973,389.72	973,389.72
Total assets	38,300,665.72	39,206,919.60
Current liabilities	74,463,388.77	76,027,117.63
Non-current liabilities		
Total liabilities	74,463,388.77	76,027,117.63
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	-36,162,723.05	-36,820,198.03
Net asset calculated by proportion of shareholding		
Adjustment		
– Goodwill	2,624,000.00	2,624,000.00
– Unrealized profit of internal trading		
– Others		
Book value of joint venture equity investment		
Operation income		
Net Profits	-235.59	-47,130.65
Others comprehensive income		
Total comprehensive income	-235.59	-47,130.65
Dividends from the joint venture in Current Year		

Note: As at 31 December 2025 and 31 December 2024, the company's share of the UGL group's accumulated losses exceed the company's interests in the UGL group, so the company's interest in UGL group was fully impaired and never recognized further losses any more.

(3) An excess of loss in joint ventures or associates

Name of joint ventures or associates	Unconfirmed-accumulated losses of previous year	Unconfirmed- losses of current year	Unconfirmed-accumulated losses at 31 Dec. 2024
Total	41,229,677.19	90.23	41,229,767.42

Notes to the Financial Statements

9. GOVERNMENT GRANT

9.1 The government subsidy recognized based on the receivable amount at the end of the year.

Nil.

9.2 Liability items related to government grants

Nil.

9.3 Government grants recognized in current period income or loss

Item	Current Year	Last Year
Other Income	167,116.68	79,625.70

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company faces various financial instrument risks in its daily activities, mainly including market risks (such as exchange rate risk, interest rate risk, and commodity price risk), credit risk, and liquidity risk. The risks associated with these financial instruments and the risk management policies adopted by our company to mitigate these risks are as follows. The management of our company manages and monitors these risk exposures to ensure that they are controlled within a limited range.

10.1 Financial risk management objectives and policies

The objectives of the company's risk management are to balance the risk and income, reduce the negative risk impact of operating performance to the lowest level, maximize the interests of shareholders and other equity investors. Based on these objectives, the basic strategy of risk management is to ensure and analyse various risks faced by the Company, establish appropriate risk tolerance level and manage risks, as well as monitor all risks in a timely and reliable manner, and control risks in a limited range.



Notes to the Financial Statements

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

10.1 Financial risk management objectives and policies (Continued)

(1) Market risks

1) Exchange risks

The Company's foreign exchange exposure is mainly related to HKD. Except for the operation conducted by the Company's subsidiaries settled in HKD and USD, other main business operations are settled in RMB. As of 31 December 2025 except for assets and liabilities with balances in HKD and USD balances depicted as below, all other assets and liabilities of the Company are denominated in RMB. The exchange rate risk arisen from those foreign currency assets and liabilities may affect the results of operation of the Company.

Item	Ending balance	Beginning balance
Monetary funds – USD	60.66	60.66
Monetary funds – HKD	38,458.67	40,431.74
Monetary funds – JPY	1.00	1.00

The Company has paid close attention to the influence generated from exchange rate changes.

2) Interest rate risks

The Company is exposed to cash flow interest rate risk in relation to its variable-rate deposits with bank and is also exposed to fair value interest rate risk in relation to fixed-rate bank deposits. To mitigate the impact of interest rate fluctuations, the Company continually assesses and monitors the exposure to interest rate risk.

The Company's cash flow interest rate is mainly concentrated on the fluctuation of prevailing market rates arising from the Company's bank balances denominated in RMB base deposit rate stipulated by the People's Bank of China arising from the Company's bank balances denominated in RMB. At 31 December 2025, the balance of non-term deposit is RMB17,775,116.27 (2024: RMB22,056,835.77), and the balance of term deposit is RMB0.00 (2024: RMB0.00), and the balance of deposit for letter of guarantee is RMB70,026.21.

Notes to the Financial Statements

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

10.1 Financial risk management objectives and policies (Continued)

(2) Credit risk

Our company manages credit risks on a portfolio basis. Credit risks mainly arise from monetary funds, accounts receivable, other receivables, etc.

To mitigate credit risks, our company strictly selects counterparties to limit the credit risks faced. We conduct transactions with selected government agencies that have stable financial conditions, thereby reducing the risks associated with accounts receivable. Additionally, certain new customers are required to deposit cash with our company as a security deposit to mitigate the maximum credit risk exposure. Furthermore, our company reviews the recovery status of each individual receivable on each balance sheet date to ensure that sufficient bad debt provisions are made for unrecoverable amounts. Therefore, our management believes that the credit risks borne by our company have been significantly reduced.

Our company deposits its liquid funds in banks with high credit ratings, thus the credit risk associated with liquid funds is relatively low.

Our company has adopted necessary policies to ensure that all sales customers have good credit histories. Apart from the top five customers in terms of accounts receivable amounts, the company does not have any other significant credit concentration risks. The total amount of the top five customers in our company's accounts receivable is: RMB 9,843,261.12, This accounts for 58.83% of the total amount of the Company's accounts receivable.

1) Significant Increase in Credit Risk

On each balance sheet date, our company determines whether the credit risk of financial instruments has increased significantly since their initial recognition by comparing the estimated default probability within the expected remaining term determined at the time of initial recognition with that determined on the balance sheet date. However, if our company determines that the financial instrument only has a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The main criteria for our company to judge a significant increase in credit risk include significant unfavorable changes in the debtor's operating environment, internal and external credit ratings, actual or expected business results, etc.



Notes to the Financial Statements

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

10.1 Financial risk management objectives and policies (Continued)

(2) **Credit risk** (Continued)

2) *Definition of Credit-impaired Assets*

When one or more events that have a negative impact on the expected future cash flows of financial assets occur, such financial assets become credit-impaired assets. The main criteria for our company to determine the occurrence of credit impairment are that the overdue days exceed the credit period granted by six months. However, in some cases, if internal or external information indicates that the full contract amount may not be recoverable before considering any credit enhancements held, the company will also consider it as credit impairment. Credit impairment of financial assets may be caused by the combined effect of multiple events, rather than a single identifiable event.

Evidence of credit impairment in financial assets includes observable information such as significant financial difficulties of the debtor, breach of contract by the debtor, concessions made by the company to the debtor due to economic or contractual considerations related to the debtor's financial difficulties that would not be made in any other circumstances, the likelihood of the debtor's bankruptcy or other financial restructuring, and the disappearance of an active market for the financial asset due to the debtor's financial difficulties.

3) *Credit Risk Exposure*

As of December 31, 2025, the maximum credit risk exposure that may cause financial losses to our company mainly arises from the losses of financial assets generated by the failure of the other party to fulfill its obligations under the contract.

The carrying amount of financial assets recognized in the consolidated balance sheet represents the risk exposure for financial assets measured at fair value, but it is not the maximum risk exposure. The maximum risk exposure will change as the fair value changes in the future.

Notes to the Financial Statements

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

10.1 Financial risk management objectives and policies (Continued)

(3) Liquidity risk

Liquidity risk refers to the risk that the Company could not engage the financial obligations at the maturity date. The method of the Company to manage liquidity risk is to ensure adequate cash flows to perform obligations at maturity, so that not to cause any unacceptable losses or damages of the Company reputation. The analysis of liabilities structure and durations would be made periodically to ensure the cash is adequate.

The analysis of financial assets and financial liabilities held by the Company is analysed as below, in terms of the maturity of undiscounted remaining contractual obligations:

31 December 2025:

Item	Within 1 year	1-2 years	2-3 years	3 years or above	Total
Financial assets	-	-	-	-	-
Monetary funds	17,910,140.59				17,910,140.59
Bills receivable	3,270,584.88				3,270,584.88
Accounts receivable	10,186,294.09				10,186,294.09
Financial assets at FVOCI	258,047.27				258,047.27
Other receivable	793,475.29				793,475.29
Financial liabilities					
Accounts payable	23,295,719.16				23,295,719.16
Other payable	7,232,655.36				7,232,655.36
Non-current liabilities maturing within one year					



Notes to the Financial Statements

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

10.2 Sensitivity analysis

The Company adopted sensitivity analysis of reasonableness and the probable change effect of risk variables on equity or profit or loss. Since risk variables rarely change in isolation, the correlation between the variables can bring significant influence to the financial statement. The following sensitivity analysis is assumed the risk variable is independently carried out.

(1) Sensitivity analysis of exchange rate risks

The reasonable movements of exchange rate with all other variables unchanged may have the following impact on the profit or loss and equities for the current period (after tax):

Item	Exchange rate change	Year 2025		Year 2024	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
All the Foreign currency	5% appreciation of RMB	-89.15	-89.15	-254.77	-254.77
	5% depreciation of RMB	89.15	89.15	254.77	254.77

(2) Sensitivity analysis of interest rate risks

The reasonable movements of interest rate with all other variables unchanged may have the following impact on the profit or loss and equities for the current period (after tax):

Item	Interest rate change	Year 2025		Year 2024	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
Deposit	Increase 1%	179,101.41	179,101.41	221,135.15	221,135.15
	Decrease 1%	-179,101.41	-179,101.41	-221,135.15	-221,135.15

Notes to the Financial Statements

11. DISCLOSURE OF FAIR VALUE

11.1 Year-end Fair Value of Assets and Liabilities Measured at Fair Value

Item	Fair value at the end of year			Total
	First-level fair value measurement	Second-level fair value measurement	Third-level fair value measurement	
I Continuous Fair Value Measurement				
i Trading Financial Assets				
1 Financial Assets Measured at Fair Value through Profit or Loss				
2 Designated Financial Assets Measured at Fair Value through Profit or Loss				
ii Other Debt Investments				
iii Other Equity Investments			4,352,070.01	4,352,070.01
iv Receivables Financing			258,047.27	258,047.27
Total Amount of Assets Continuously Measured at Fair Value			4,610,117.28	4,610,117.28
v Trading Financial Liabilities				
1 Financial Assets Measured at Fair Value through Profit or Loss				
2 Designated Financial Assets Measured at Fair Value through Profit or Loss				
Total Amount of Liabilities Continuously Measured at Fair Value				
II Non-continuous Fair Value Measurement				
Total Amount of Assets Measured at Fair Value on a Non-continuous Basis				
Total Amount of Liabilities Measured at Fair Value on a Non-continuous Basis				



Notes to the Financial Statements

11. DISCLOSURE OF FAIR VALUE (Continued)

11.2 Basis for Determining the Market Price of Continuously and Non-continuously Measured First-tier Fair Value Items

The first-tier input value is the unadjusted quoted price of the same asset or liability that the company can obtain in an active market on the measurement date.

11.3 Qualitative and Quantitative Information on Valuation Techniques and Key Parameters Used for Continuously and Non-continuously Measured Second-tier Fair Value Items

For continuously and non-continuously measured second-tier fair value items, in addition to the first-tier input value, observable input values directly or indirectly related to the asset or liability are used.

11.4 Qualitative and Quantitative Information on Valuation Techniques and Key Parameters Used for Continuously and Non-continuously Measured Third-tier Fair Value Items

The third-tier input value is the unobservable input value of the relevant asset or liability. The third-tier input value includes future cash flows that cannot be directly observed and cannot be verified by observable market data, as well as financial forecasts made by the enterprise using its own data.

The main items that our company adopts the third-tier fair value measurement are equity investments in non-listed companies and financial wealth management products. Among them, if there is no recent equity transaction price for non-listed companies, and there are no significant changes in the business environment, operating conditions, and financial status of the companies, our company will measure the fair value by referring to the investment cost and the share of the net assets of the invested entity as a reasonable estimate of the fair value. Trading financial assets are mainly wealth management products held by our company. Our company estimates the fair value by discounting the future cash flows calculated based on the agreed expected rate of return.

11.5 Changes in valuation techniques and their reasons during the reporting period

None.

Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

12.1 Related party relationship

(1) Persons who have significant control over the Company

The significant controller of the company is the State-owned Assets Supervision and Administration Commission of Shanghai Municipality.

(2) The status of the Company's subsidiaries

For details of subsidiaries, please refer to this notes 8.1. (1) Structure of the Group.

(3) The status of the Company's joint ventures and associated companies

Detailed information on the Company's significant joint ventures and associated companies can be found in the relevant section of "8. 2. Interests in joint ventures or associates" in this notes.

(4) Other related parties

Type of related party

relationship	Name of related party	Main transaction content
Controlling shareholder of the largest shareholder	Shanghai Guosheng (Group) Co., Ltd (上海國盛(集團)有限公司)	Commercial application program and software
Enterprise controlled by the controlling shareholder of the largest shareholder	Shanghai Guosheng Group Science and Education Investment Co., Ltd. (上海國盛集團科教投資有限公司)	Commercial application program and software
Enterprise controlled by the controlling shareholder of the largest shareholder	Shanghai Guosheng Group Property Holdings Co., Ltd. (上海國盛集團置業控股有限公司)	Commercial application program and software
Enterprise controlled by the controlling shareholder of the largest shareholder	Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司)	)Commercial application program and software
Enterprise controlled by the controlling shareholder of the largest shareholder	Shanghai Shengxi Real Estate Development Co., Ltd. (上海盛璽房地產開發有限公司)	Commercial application program and software
Enterprise controlled by the controlling shareholder of the largest shareholder	Shanghai Guosheng Group Science and Education Investment Co., Ltd. (上海國盛集團科教投資有限公司)	Commercial application program and software

Note: In August 2024, Shanghai Guosheng (Group) Co., Ltd. acquired 90% equity interests in Shanghai Jiaoda Industrial Investment Management (Group) Co., Ltd., which was originally held by the Shanghai State-owned Assets Supervision and Administration Commission. The industrial and commercial registration for this change was completed in March 2025. Consequently, Shanghai Guosheng (Group) Co., Ltd. has become the controlling shareholder of Shanghai Jiaoda Industrial Investment Management (Group) Co., Ltd., the Company's largest shareholder.



Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.2 Related party transaction

(1) Related party transactions relating to purchases and sales of goods, and rendering and receiving of services

1) Selling goods and providing services

Related party	Related party transactions	Current Year	Last Year
Shanghai Guosheng (Group) Co., Ltd	Commercial application program and software	14,574,272.71	4,958,506.78
Shanghai Guosheng Group Science and Education Investment Co., Ltd.	Commercial application program and software	656,267.96	
Shanghai Guosheng Group Property Holdings Co., Ltd.	Commercial application program and software	333,500.21	
Shanghai Guosheng Group Assets Co., Ltd.	Commercial application program and software	338,590.54	
Shanghai Shengxi Real Estate Development Co., Ltd.	Commercial application program and software	3,914,449.90	
Shanghai Oriental Shenghui Real Estate Co., Ltd.	Commercial application program and software	359,426.69	
Total		20,176,508.01	4,958,506.78

Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.2 Related party transaction (Continued)

(2) Account balance between related parties

1) Receivables

Item	Related parties	Ending Balance		Beginning Balance	
		Book Balance	Bad debt provision	Book Balance	Bad debt provision
Receivables	Shanghai Guosheng (Group) Co., Ltd	2,740,635.74			
	Shanghai Withub Duogao Information Construction Company Limited*) ("Duogao")	14,210.00	14,210.00	14,210.00	14,210.00
Subtotal		2,754,845.74	14,210.00	14,210.00	14,210.00

Others Receivables	Shanghai Withub Duogao Information Construction Company Limited*) ("Duogao")	14,103.18	14,103.18	14,103.18	14,103.18
Subtotal		14,103.18	14,103.18	14,103.18	14,103.18

2) Payables

Item	Related parties	Ending Balance	Beginning Balance
Contract liabilities	Shanghai Guosheng (Group) Co., Ltd		4,020,311.27
Total			4,020,311.27



Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.3 Directors, Supervisors and Employees' Compensation

(1) The details of directors' and supervisors' remuneration are as follows

Item	Salaries and allowance	Social insurance, housing fund and pension	Bonus	share-based payment	Total
This year amount					
Executive directors					
Mr. Zhang Xiaobo (Appointed on September 4, 2024)					
Mr. Li Yan (Appointed on June 20, 2025)					
Mr. Shuai Ge (Resigned on June 20, 2025)					
Mr. Ma Renchao (Appointed on June 20, 2025)					
Mrs. Pan Mengran (Appointed on June 20, 2025)					
Ms. Sun Jingchen (Appointed on June 20, 2024)					
Mrs. Gu Xiaomin (Resigned on June 20, 2025)					
Mr. Hu Lunjie (Resigned on June 20, 2025)					
Ms. Lu Taiyi (Appointed on June 20, 2024)					
Supervisors	517,800.00	205,906.61	66,600.00		790,306.61
Mr. Qin Yanming (Appointed on June 20, 2025)					
Mr. Rong Yinsheng (Resigned on June 20, 2025)					
Mrs. Feng Liping (Appointed on June 20, 2025)					
Mrs. Huang Peirong (Appointed on June 20, 2025)					
Mr. Yang Qing (Resigned on June 20, 2025)					
Mrs. Sun Yunyun (Appointed on June 20, 2025)					
Mr. Yang Binghua	185,400.00	86,837.81	30,600.00		302,837.81
Mrs. Sun Guofang	332,400.00	119,068.80	36,000.00		487,468.80

Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.3 Directors, Supervisors and Employees' Compensation (Continued)

(1) *The details of directors' and supervisors' remuneration are as follows (Continued)*

Item	Social insurance, housing fund and pension				Total
	Salaries and allowance		Bonus	share-based payment	
This year amount					
Independent non-executive directors	300,000.00				300,000.00
Mr. Liu Feng	100,000.00				100,000.00
Mr. Yuan Shumin	100,000.00				100,000.00
Mr. Li Jing (Appointed on June 20, 2025)	50,000.00				50,000.00
Mr. Zhou Guolai (Resigned on June 20, 2025)	50,000.00				50,000.00
Total	817,800.00	205,906.61	66,600.00		1,090,306.61



Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.3 Directors, Supervisors and Employees' Compensation (Continued)

(1) *The details of directors' and supervisors' remuneration are as follows (Continued)*

Item	Salaries and allowance	Social insurance, housing fund and pension	Bonus	share-based payment	Total
Last year amount					
Executive directors	518,595.00	75,756.71	170,000.00		764,351.71
Mr. Zhang Xiaobo					
Mr. Shuai Ge					
Mrs. Qin Zhen (Resigned on August 30, 2024)	518,595.00	75,756.71	170,000.00		764,351.71
Mr. Sun Jingchen					
Mrs. Gu Xiaomin					
Mr. Hu Lunjie					
Supervisors	612,216.16	189,307.99	72,000.00		873,524.15
Mr. Rong Yinsheng					
Mr. Yang Binghua	232,531.16	82,876.66	36,000.00		351,407.82
Ms. Sun Guofang	379,685.00	106,431.33	36,000.00		522,116.33
Ms. Sun Yunyun (Appointed on October 9, 2024)					
Mr. Yang Qing					
Independent non-executive directors	300,000.00				300,000.00
Mr. Liu Feng	100,000.00				100,000.00
Mr. Yuan Shumin	100,000.00				100,000.00
Mr. Zhou Guolai	100,000.00				100,000.00
Total	1,430,811.16	265,064.70	242,000.00		1,937,875.86

Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.3 Directors, Supervisors and Employees' Compensation (Continued)

(2) Top 5 paid employees

None of the top five individuals with the highest remuneration this year is a director (last year: one), and one is a supervisor (last year: one). The remuneration of the director and supervisor is stated in Note "12.3.(1)", and has been reflected in the remuneration of directors and supervisors. The remuneration of the other three individuals (last year: three) is as follows:

Item	Current Year	Last Year
Salaries and allowances	1,371,432.97	947,210.00
Social Insurance, Housing fund and Retirement benefit plan contributions	229,412.18	306,807.79
Annual Bonus	576,000.00	36,000.00
Equity-based compensation		
Total	2,176,845.15	1,290,017.79

Highest emoluments within the following groups (per capita)

Item	Current Year	Last Year
Nil to RMB1,000,000	5	5
RMB1,000,001 to 2,000,000	0	0
RMB2,000,001 to 2,500,000	0	0

- (3) No directors of the Company waived or agreed to waive any emoluments during the year. During the track record period, no emoluments were paid by the Company to any of its directors, supervisors or five highest paid individuals as an inducement to join or upon joining the Company, or as compensation for loss of office.



Notes to the Financial Statements

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

12.3 Directors, Supervisors and Employees' Compensation (Continued)

(4) Key management compensation

The key management compensation (including the amount paid and payable to directors, supervisors and senior management) is as follows:

Item	Current Year	Last Year
Wages and subsidies	1,606,650.00	1,672,811.16
Social Insurance, Housing fund and Retirement benefit plan contributions	271,505.49	265,064.70
Bonus		
Equity-based compensation		
Total	1,878,155.49	1,937,875.86

13. QUOTATIONS ON COMMITMENTS AND CONTINGENT ITEMS

As of the balance sheet date, the Company has no significant commitments or contingencies that require disclosure.

14. EVENTS AFTER THE BALANCE SHEET DATE

14.1 Profit distribution

Item	Content
Proposed profit or dividend distribution	The board of directors of the Company resolved on March 27th, 2026 to propose not paying any dividends for the year ended December 31st, 2025.
Profits or dividends declared after review and approval	Nil

14.2 Sales return

There were no significant sales returns after the balance sheet income date.

14.3 Apart from the aforementioned events after the balance sheet date that have been disclosed, the Company has no other significant events after the balance sheet date.

Notes to the Financial Statements

15. OTHER SIGNIFICANT MATTERS

15.1 Segment information

(1) *Basis for determining reportable segments and accounting policies*

According to the internal organizational structure, management requirement and internal reporting system of the Company, the business operation is classified into 2 reporting segments, business application project (development and provision of business application project service, including business solution, application software, installation and maintenance and data security products) and sales products (sales and distribution computers and electronic products and accessories). These reporting segments have been laid down in the internal organization structure, management requirements and internal reporting system. The management of the Company will evaluate the operating results of these report segments to determine the distribution of resources and evaluation on its results.

By segment information is exposed in accordance with the accounting policy and standards for measurement. Such basis of measurement remains the same as the accounting policy and standards for measurement when preparing the financial statements.



Notes to the Financial Statements

15. OTHER SIGNIFICANT MATTERS (Continued)

15.1 Segment information (Continued)

(2) Financial information of reportable segments in this annual report

Reporting segments for 2025

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	75,093,004.64	2,207,266.57			75,076,502.19
Including: Income from external transactions	75,093,004.64	2,207,266.57			75,076,502.19
Income from inter-segment transactions					
Operating costs	57,139,197.89	1,775,295.89			58,914,493.78
Dividend of associations			-4,774,021.00		-4,774,021.00
Interest income			69,596.82		69,596.82
Undistributed income			570,232.84		570,232.84
Period expenses			19,607,371.37		19,607,371.37
Undistributed other expenses			1,841,229.99		1,841,229.99
Segments' total profits (total loss)	15,730,037.73	431,970.68	-25,582,792.70		-9,420,784.29
Total assets	15,971,584.98	459,481.14	26,385,772.92		42,816,839.04
Equity of associates			3,279,482.67		3,279,482.67
Other non-current financial assets			4,352,070.01		4,352,070.01
Unallocated corporate assets			18,754,220.24		18,754,220.24
Total liabilities	21,826,491.51	2,210,482.01	12,214,110.35		36,251,083.87
Undistributed liabilities			6,540,109.89		6,540,109.89
Supplementary information					0.00
Capital expenditure					0.00
Impairment loss recognized for the period	984,731.36		14,500.00		999,231.36
Including: Impairment loss of account receivable	1,302,326.58				1,302,326.58
Reversal of impairment loss recognised on account receivables	317,595.22				317,595.22
Inventory impairment					
Reversal of impairment loss recognised on inventory					
Depreciation and amortisation expenses	734,685.13		1,659,018.85		2,393,703.98

Notes to the Financial Statements

15. OTHER SIGNIFICANT MATTERS (Continued)

15.1 Segment information (Continued)

(2) Financial information of reportable segments in this annual report (Continued)

Segmented report for the year 2024 (referring to the previous year)

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	54,492,992.34	1,242,246.63			55,735,238.97
Including: Income from external transactions	54,492,992.34	1,242,246.63			55,735,238.97
Income from inter-segment transactions					-
Operating costs	35,983,670.91	376,211.01			36,359,881.92
Dividend of associations			416,931.10		416,931.10
Interest income			89,711.16		89,711.16
Undistributed income			850,494.15		850,494.15
Period expenses			20,569,761.40		20,569,761.40
Undistributed other expenses			2,832,707.06		2,832,707.06
Segments' total profits (total loss)	18,509,321.43	866,035.62	-22,045,332.05		-2,669,975.00
Total assets	12,352,724.20	3,787,187.31	36,725,114.41		52,865,025.92
Equity of associates			8,053,503.67		8,053,503.67
Other non-current financial assets			4,378,279.02		4,378,279.02
Unallocated corporate assets			24,293,331.72		24,293,331.72
Total liabilities	26,370,156.47	3,122,628.58	7,384,767.97		36,877,553.02
Undistributed liabilities			7,384,767.97		7,384,767.97
Supplementary information					
Capital expenditure			9,767.99		9,767.99
Impairment loss recognized for the period	1,146,692.00		14,103.18		1,160,795.18
Including: Impairment loss of account receivable	1,170,542.00				1,170,542.00
Reversal of impairment loss recognised on account receivables	23,850.00				23,850.00
Inventory impairment					
Reversal of impairment loss recognised on inventory					
Depreciation and amortisation expenses	626,874.00		1,551,420.00		2,178,294.00

Geographical information:

All the Company's income was generated from customers in the PRC as at 31st December 2025 and 31st December 2024, and all the Company's assets were in the PRC. Therefore, no geographical segment information is presented.



Notes to the Financial Statements

15. OTHER SIGNIFICANT MATTERS (Continued)

15.1 Segment information (Continued)

(2) *Financial information of reportable segments in this annual report (Continued)*

Information about major customers:

The customers with whom the Company transacted business exceeding 10% of the Company's total revenue for the years ended December 31st, 2025 and 2024 are as follows:

Customer Name	Contract classification	Income	Revenue Proportion
Shanghai Guosheng (Group) Co., Ltd	Commercial application program and software	14,574,272.71	19.31%
Shanghai Big Data Center	Commercial application program and software	11,659,447.42	21.47%
	Installation and maintenance of network and data security products	4,542,452.83	
Shanghai Ideal Information Industry (Group) Co., Ltd.	Installation and maintenance of network and data security products	9,276,862.46	12.29%

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

16.1 Account receivables

(1) *Presentation of accounts receivable by age*

The average credit period granted by the Company to customers is between 90 and 180 days. For customers with good credit records and selected government agencies with strong financial support, the credit period can be extended beyond 180 days. The aging analysis of accounts receivable (net of bad debt provisions) reported based on the date of delivery of goods or the date of service rendered (approximately estimated to be the respective recognition dates) is as follows:

Aging	Ending Balance	Beginning Balance
Within 1 year	9,913,025.53	10,768,481.84
Of which: 0-3 months	7,866,429.65	8,008,486.63
4 months to 6 months	478,117.92	1,978,334.90
7 months to 12 months	1,568,477.96	781,660.31
1-2 years	1,228,804.94	1,156,332.00
2-3 years	918,367.00	
Over 3 year	4,671,078.55	4,750,708.77
Total	16,731,276.02	16,675,522.61
Less: Bad debt provisions	6,544,981.93	5,560,250.57
Total	10,186,294.09	11,115,272.04



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.1 Account receivables (Continued)

(2) Presentation of accounts receivable classified by bad debt provision method

Category			Ending Balance		Book value
	Book balance		Bad debt provision		
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	16,731,276.02	100.00	6,544,981.93	39.12	10,186,294.09
Of which: ageing portfolio	16,111,217.26	96.29	6,198,191.73	38.47	9,913,025.53
Others	620,058.76	3.71	346,790.20	55.93	273,268.56
Total	16,731,276.02	100.00	6,544,981.93	39.12	10,186,294.09

Category	Book balance		Beginning Balance		Book value
	Amount	Percent %	Bad debt provision		
			Amount	Percent %	
Bad debt provision on portfolio	16,675,522.61	100.00	5,560,250.57	33.34	11,115,272.04
Of which: ageing portfolio	16,328,732.41	97.92	5,560,250.57	34.05	10,768,481.84
Others	346,790.20	2.08			346,790.20
Total	16,675,522.61	100.00	5,560,250.57	33.34	11,115,272.04

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.1 Account receivables (Continued)

(2) Presentation of accounts receivable classified by bad debt provision method (Continued)

- 1) Accounts receivable for which bad debt provisions are calculated based on age as a credit risk feature within the portfolio

Aging	Ending Balance			Beginning Balance		
	Accounts receivables	Bad debt provision	Provision ratio (%)	Accounts receivables	Bad debt provision	Provision ratio (%)
Within 1 year	9,913,025.53			10,768,481.84		
Of which: 0-3 months	7,866,429.65			8,008,486.63		
4 months to 6 months	478,117.92			1,978,334.90		
7 months to 12 months	1,568,477.96			781,660.31		
1-2 years	955,536.38	955,536.38	100.00	1,156,332.00	1,156,332.00	100.00
2-3 years	918,367.00	918,367.00	100.00			
Over 3 year	4,324,288.35	4,324,288.35	100.00	4,403,918.57	4,403,918.57	100.00
Total	16,111,217.26	6,198,191.73	38.47	16,328,732.41	5,560,250.57	34.05

- 2) Accounts receivable for which bad debt provisions are calculated based on other credit risk features within the portfolio

Aging	Ending Balance		Provision ratio
	Book balance	Bad debt provision	
Guarantee deposit and project payment within credit period	273,268.56		
Retention receivables and project payments past due	346,790.20	346,790.20	100.00
Total	620,058.76	346,790.20	55.93



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.1 Account receivables (Continued)

(2) Presentation of accounts receivable classified by bad debt provision method (Continued)

2) Accounts receivable for which bad debt provisions are calculated based on other credit risk features within the portfolio (Continued)

Aging	Book balance	Beginning Balance	Expected credit
		Bad debt provision	loss rate for the whole duration
Guarantee deposit and project payment within credit period	346,790.20		0%
Retention receivables and project payments past due			
Total	346,790.20		0%

(3) The movement of bad debt provision

Aging	Ending Balance	Beginning Balance
At 1st January	5,560,250.57	4,413,558.57
Cancellation of bad debts		
Additional bad debt provision	1,302,326.58	1,170,542.00
Reversal of bad debt provision	317,595.22	23,850.00
At 31st December	6,544,981.93	5,560,250.57

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.1 Account receivables (Continued)

(4) Analysis of overdue receivables but not be impaired at balance date

Aging	Ending Balance	Beginning Balance
Not overdue and no impairment	8,617,816.13	10,333,611.73
Overdue but no impairment		
7 months to 12 months (inclusive)	1,568,477.96	781,660.31
Over 1 year		
Total	10,186,294.09	11,115,272.04

Note 1: The account receivables, which are not overdue and not be impaired, are mainly the customers currently without defaulted records.

Note 2: The account receivables, which are overdue but not be impaired, are mainly the customers with good payment records. According to previous experiences, management believes provision for bad debts are not needed, because there is no change in credit quality and the balance of total accounts receivables are recoverable.

(5) The top 5 of accounts receivable

Company	Ending Balance	Percentage of total ending balance of accounts receivables (%)	Ending balance of bad debt provision
No.1	2,740,635.74	16.38	
No.2	2,251,500.00	13.46	2,251,500.00
No.3	2,105,600.00	12.58	
No.4	1,435,525.38	8.58	
No.5	1,310,000.00	7.83	
Total	9,843,261.12	58.83	2,251,500.00



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.2 Other receivables

Item	Ending Balance	Beginning Balance
Interest receivables	–	–
Dividend receivables	–	–
Other receivables	793,475.29	1,622,403.19
Total	793,475.29	1,622,403.19

(1) Other receivables

1) Other receivables classified by nature

Nature	Ending Balance	Beginning Balance
Margin deposit, Reserve fund, returnable deposit	772,263.67	1,576,263.67
Accounts payable and receivable	6,991,248.89	7,001,676.79
Total	7,763,512.56	8,577,940.46

2) Other receivables made by using ageing analysis method

Aging	Ending Balance	Beginning Balance
Within one year	37,686.97	1,038,574.52
More than 1 year	7,725,825.59	7,539,365.94
Total	7,763,512.56	8,577,940.46
Bad debt provisions	6,970,037.27	6,955,537.27
Net amount	793,475.29	1,622,403.19

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.2 Other receivables (Continued)

(1) Other receivables (Continued)

3) Bad debt provision of other receivables

Category	Book balance		Ending Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	7,763,512.56	100.00	6,970,037.27	89.78	793,475.29
Of which: ageing portfolio	662,864.80	8.54	641,653.18	96.80	21,211.62
Related party portfolio within the consolidation scope	6,328,384.09	81.51	6,328,384.09	100.00	
Others	772,263.67	9.95			772,263.67
Total	7,763,512.56	100.00	6,970,037.27	89.78	793,475.29

Note 1: The related party portfolio within the consolidation scope refers to the Company's transactions with its subsidiary Jiaoda Huigu (Hong Kong) Limited.

Note 2: Other portfolios include security deposits, standby funds, and deposits.

Category	Book balance		Beginning Balance		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	8,577,940.46	100.00	6,955,537.27	81.09	1,622,403.19
Of which: ageing portfolio	673,292.70	7.84	627,153.18	93.15	46,139.52
Related party portfolio within the consolidation scope	6,328,384.09	73.78	6,328,384.09	100.00	
Others	1,576,263.67	18.38			1,576,263.67
Total	8,577,940.46	100.00	6,955,537.27	81.09	1,622,403.19



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.2 Other receivables (Continued)

(1) Other receivables (Continued)

4) The movement of bad debt provision

Aging	Ending Balance	Beginning Balance
At 1st January	6,955,537.27	7,099,793.52
Cancellation of bad debts		
Additional bad debt provision	14,500.00	14,103.18
Reversal of bad debt provision		158,359.43
At 31st December	6,970,037.27	6,955,537.27

5) The top 5 other receivables:

Company names	Nature	Ending Balance	Aging	Percentage of ending balance (%)	Ending Balance of bad debt provision
No.1	Current account	6,328,384.09	Over 1 year	81.51	6,328,384.09
No.2	Deposit	626,535.00	Over 1 year	8.07	
No.3	Current account	280,460.00	Over 1 year	3.61	280,460.00
No.4	Current account	200,000.00	Over 1 year	2.58	200,000.00
No.5	Retention receivables	91,132.50	Over 1 year	1.17	
Total		7,526,511.59		96.95	6,808,844.09

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.2 Other receivables (Continued)

(1) Other receivables (Continued)

6) Receivables of employees' borrowing

Department	Government Enterprise Project Department	Arbitration team	Software department	Total
Purpose	Petty cash	Petty cash	Petty cash	Petty cash
Amount				
– Current year			5,000.00	5,000.00
– Last year	60,000.00	56,500.00		116,500.00
Bad debt provision				

16.3 Long-term equity investment

Item	Ending Balance		Book value	Beginning Balance		Book value
	Book Balance	Provision for impairment		Book Balance	Provision for impairment	
Investment in subsidiaries	13,769,200.00	13,769,200.00		13,769,200.00	13,769,200.00	
Investment in joint ventures and associates	13,279,482.67	10,000,000.00	3,279,482.67	18,053,503.67	10,000,000.00	8,053,503.67
Total	27,048,682.67	23,769,200.00	3,279,482.67	31,822,703.67	23,769,200.00	8,053,503.67



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.3 Long-term equity investment (Continued)

(1) Investment in subsidiaries

Investee	Beginning Balance	Beginning balance of provision for impairment	Increase/Decrease for the year				Ending Balance	Ending Balance of Provision for Impairment
			Additional Investment	Reduction of Investment	Provision for impairment	Others		
Jiada Withub (Hong Kong) Limited	12,769,200.00	12,769,200.00					12,769,200.00	12,769,200.00
Shanghai Withub Information and Professional Training School (the "School")	1,000,000.00	1,000,000.00					1,000,000.00	1,000,000.00
Total	13,769,200.00	13,769,200.00					13,769,200.00	13,769,200.00

(2) Investment in associates

Investee	Beginning Balance	Beginning balance of provision for impairment	Additional Investment	Reduction of Investment	Increase/Decrease for the year				Ending Balance	Ending balance of provision for impairment
					Investment Gain or Loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividends or profit		
Associated Companies										
Including: Hold by the Company										
Shanghai Jiada Technology Park and information technology (Shangrao) Limited	10,000,000.00	10,000,000.00							10,000,000.00	10,000,000.00
Shanghai TonTron Information and technology co. Limited	5,890,703.88				-2,954,274.05				2,936,429.83	
Shanghai Withub Duogao Information Engineer Limited	2,162,799.79				-1,819,746.95				343,052.84	
Total	18,053,503.67	10,000,000.00			-4,774,021.00				13,279,482.67	10,000,000.00

16.4 Operating income & Operating cost

(1) Operating income & Operating cost

Items	Current Year		Last Year	
	Income	Cost	Income	Cost
Main operation	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92
Other operation	395,724.75	748,162.29	736,492.87	1,551,420.00
Total	75,472,226.94	59,662,656.07	56,471,731.84	37,911,301.92

Note: The income from other operation was mainly the income of rental.

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.4 Operating income & Operating cost (Continued)

(2) Information relating to income from contracts

1) Income from main operation by category

Contract classification	Current Year		Last Year	
	Income	Cost	Income	Cost
the sales of electrical products	2,207,266.57	1,775,295.89	1,242,246.63	376,211.01
Commercial application program and software	54,713,332.05	44,548,576.34	34,239,827.06	23,680,448.39
Installation and maintenance of network and data security products	18,155,903.57	12,590,621.55	20,253,165.28	12,303,222.52
Total	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92

2) Operating income – classified by region

Region	Current Year		Last Year	
	Income	Cost	Income	Cost
Mainland China	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92
Total	75,076,502.19	58,914,493.78	55,735,238.97	36,359,881.92



Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.4 Operating income & Operating cost (Continued)

(2) Information relating to income from contracts (Continued)

3) Operating income – classified by recognition time

Item	the sales of electrical products	Commercial application program and software	Installation and maintenance of network and data security products	Current year
Within a certain period of time		54,713,332.05	18,155,903.57	72,869,235.62
At a certain point of time	2,207,266.57			2,207,266.57
Total	2,207,266.57	54,713,332.05	18,155,903.57	75,076,502.19

Item	the sales of electrical products	Commercial application program and software	Installation and maintenance of network and data security products	Last year
Within a certain period of time		34,239,827.06	20,253,165.28	54,492,992.34
At a certain point of time	1,242,246.63			1,242,246.63
Total	1,242,246.63	34,239,827.06	20,253,165.28	55,735,238.97

Notes to the Financial Statements

16. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

16.5 Investment Income

Item	Current Year	Last Year
Investment income of financial assets measured at fair value through profit or loss during the holding period	33,900.00	33,900.00
Long-term equity investment income calculated by equity method	-4,774,021.00	416,931.10
Total	-4,743,121.00	450,831.10

17. THE AUTHORIZATION OF FINANCIAL STATEMENTS

Return on Equity (ROE) and Earnings Per Share (EPS):

Profit in the reporting period	Weighted average return on equity (%)	Earnings per share (Chinese yuan per share)	
		Basic earnings per share	Diluted earnings per share
Profit attributable to ordinary shareholders of the parent	-83.54	-0.0196	-0.0196
Net profit attributable to ordinary shareholders of the parent after excluding non-recurring gains/losses	-42.75	-0.0100	-0.0100



Five-Year Financial Summary

RESULTS

		Year ended 31 December			
	2025	2024	2023	2022	2021
	RMB	RMB	RMB	RMB	RMB
Turnover	75,472,226.94	56,471,731.84	42,661,494.19	36,002,830.52	50,527,611.11
Profit (loss) before tax	-9,420,784.29	-2,669,975.00	-6,995,713.22	-21,838,255.21	-4,485,769.33
Income tax expense	0	19,013.48	-6,702.28	-232,108.66	219,797.46
Profit (loss) for the year	-9,420,784.29	-2,688,988.48	-6,989,010.94	-21,606,146.55	-4,705,566.79
Profit (loss) for the year attributable to:					
– Owners of the Company	-9,420,784.29	-2,688,988.48	-6,989,010.94	-21,606,146.55	-4,705,566.79
– Non-controlling interest	0	–	–	–	–
Dividend	0	–	–	–	–
Earnings (loss) per share (in RMB)					
– Basic and diluted	-0.0196	-0.0056	-0.0146	-0.0450	-0.0098

Five-Year Financial Summary

ASSETS AND LIABILITIES

		Year ended 31 December			
	2025	2024	2023	2022	2021
	RMB	RMB	RMB	RMB	RMB
Non-current assets	7,669,328.61	12,476,462.60	14,572,606.24	21,336,790.97	28,253,794.72
Current assets	35,147,510.43	40,388,563.32	24,826,693.21	26,873,821.01	37,882,223.55
Total assets	42,816,839.04	52,865,025.92	39,399,299.45	48,210,611.98	66,136,018.27
Current liabilities	36,251,083.87	36,877,553.02	20,306,505.41	19,686,009.43	14,338,790.33
Non-current liability	0	–	324,887.08	2,875,430.32	4,686,257.07
Total liabilities	36,251,083.87	36,877,553.02	20,631,392.49	22,561,439.75	19,025,047.40
Total net assets	6,565,755.17	15,987,472.90	18,767,906.96	25,649,172.23	47,110,970.87
Share capital	48,000,000.00	48,000,000.00	48,000,000.00	48,000,000.00	48,000,000.00
Reserves	-41,434,244.83	-32,012,527.10	-29,232,093.04	-22,350,827.77	-858,902.80
Equity attributable to owners of the Company	6,565,755.17	15,987,472.90	18,767,906.96	25,649,172.23	47,141,097.20
Non-controlling interests	0	–	–	–	-30,126.33
Total equity	6,565,755.17	15,987,472.90	18,767,906.96	25,649,172.23	47,110,970.87