

浙江芯化蘭德科技股份有限公司 Xinhua Lande Scitech Co., Limited*

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

(Stock Code: 8106)



INTERIM REPORT
2026

* For identification purposes only

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*This report, for which the directors (the “**Director(s)**”) of Xinhua Lande Scitech Co., Limited* (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Zheng (*Chairman and Chief Executive Officer*)

Mr. Yu Zheng (*Vice Chairman*)

Mr. Tan Xiao

Mr. Xu Jianfeng

Independent Non-Executive Directors

Mr. Cai Jiamei

Ms. Huang Xuanzhen

Mr. Zhang Mingbo

SUPERVISORS

Mr. Song Zhiwei (*Chairman*)

Ms. Shen Xiaofen

Ms. Shen Rujia

AUTHORISED REPRESENTATIVES

Mr. Xu Jianfeng

Ms. Pang Tsz Ni

COMPANY SECRETARY

Ms. Pang Tsz Ni

AUDIT COMMITTEE

Ms. Huang Xuanzhen (*Chairman*)

Mr. Cai Jiamei

Mr. Zhang Mingbo

REMUNERATION COMMITTEE

Mr. Cai Jiamei (*Chairman*)

Mr. Wang Zheng

Ms. Huang Xuanzhen

NOMINATION COMMITTEE

Ms. Huang Xuanzhen (*Chairman*)

Mr. Wang Zheng

Mr. Cai Jiamei

REGISTERED OFFICE

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The People's Republic of China (the "PRC")

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PRINCIPAL BANKERS

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Zhejiang Province
The PRC

STOCK CODE

8106

CONDENSED INTERIM FINANCIAL STATEMENTS

The board (the “**Board**”) of Directors presents the unaudited condensed interim financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2026 together with the unaudited comparative figures for the corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		(unaudited) Six months ended 30 June	
	Notes	2026 RMB'000	2025 RMB'000
Revenue	3	154,292	122,172
Cost of sales		(136,936)	(109,957)
Gross profit		17,356	12,215
Other operating (expenses) income, net gains or losses	4	(44)	940
Distribution and selling expenses		(3,984)	(4,944)
General and administrative expenses		(5,598)	(5,554)
Research and development expenditure		(910)	(1,290)
Finance costs		(735)	(434)
Profit before tax		6,085	933
Income tax expenses	5	(1,613)	(980)
Profit/(loss) and total comprehensive income for the period	6	4,472	(47)
Earnings/(loss) per share			
Basic and diluted (RMB cents)	9	0.8 cents	(0.01) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
	Notes		
Non-current assets			
Plant and equipment		2,411	1,356
Right-of-use assets		457	554
Deferred tax assets		241	241
		3,109	2,151
Current assets			
Inventories		54,539	13,427
Trade and bills receivables	10	68,029	71,582
Prepayments and other receivables		25,153	4,961
Contract assets		1,518	1,510
Bank balances and cash		30,005	25,234
		179,244	116,714
Current liabilities			
Trade and other payables	11	42,286	31,215
Contract liabilities		2,154	2,990
Lease liabilities		194	194
Bank borrowings	12	69,115	34,508
Income tax payable		1,152	763
		114,901	69,670

		(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
	Notes		
Net current assets		64,343	47,044
Total assets less current liabilities		67,452	49,195
Non-current liabilities			
Lease liabilities		327	327
Net assets		67,125	48,868
Capital and reserves			
Paid-in capital	13	55,882	50,655
Reserves		11,243	(1,787)
Total equity		67,125	48,868

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	(unaudited)					
	Paid-in	Share	Translation	Statutory	Accumulated	Total
	capital	premium	reserve	surplus	losses	equity
	RMB'000	RMB'000	RMB'000	reserves	RMB'000	RMB'000
Balance as at 1 January 2026	50,655	101,336	46	14,361	(117,530)	48,868
Profit for the period	—	—	—	—	4,472	4,472
Transfer to statutory reserve	—	—	—	230	(230)	—
Issuance of new shares through placement	5,227	8,558	—	—	—	13,785
Balance as at 30 June 2026	55,882	109,894	46	14,591	(113,288)	67,125
Balance as at 1 January 2025	50,655	101,336	—	13,767	(118,023)	47,735
Loss for the period	—	—	—	—	(47)	(47)
Balance as at 30 June 2025	50,655	101,336	—	13,767	(118,070)	47,688

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	(unaudited)	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Net cash outflow from operating activities	(26,982)	(5,570)
Net cash (outflow)/inflow from investing activities	(1,476)	30
Net cash inflow/(outflow) from financing activities	33,229	(240)
Net increase/(decrease) in cash and cash equivalents	4,771	(5,780)
Cash and cash equivalents at beginning of period	25,234	15,594
Cash and cash equivalents at end of period	30,005	9,814

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the “**PRC**”) on 20 September 2001 and its H shares (the “**H Shares**”) were listed on GEM on 3 May 2002.

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” published by the International Accounting Standards Board and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements were consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2025.

3. REVENUE AND SEGMENT INFORMATION

For the six months ended 30 June 2026 and 2025, revenue comprised income from trading of hardware and computer software and provision of smart city solutions and the provision of e-commerce operation solution services.

The Group's operating segments, based on information reported to the chief operating decision maker (the “**CODM**”), being the executive Directors, were for the purpose of resource allocation and performance assessment. The executive Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's reportable segments were as follows:

1. Trading of hardware and computer software
2. Provision of smart city solutions
3. Provision of e-commerce operation solution services

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments, and geographical information.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

(i) Segment revenue and results

	(unaudited)							
	Trading of hardware and computer software		Provision of smart city solutions		Provision of e-commerce operation solution services		Consolidated	
	Six months ended 30 June							
	2026	2025	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue - external customers	140,786	114,001	13,221	8,171	285	-	154,292	122,172
Segment results	4,188	3,600	3,389	(1,113)	179	-	7,756	2,487
Unallocated other operating (expenses) income, net gains or losses							(254)	173
Unallocated expenses							(1,417)	(1,727)
Profit before tax							6,085	933

The accounting policies of the reportable segments were the same as the Group's accounting policies.

Segment results represented the result from each segment without allocation of central administration costs, Directors' emoluments and certain other operating income (expenses), net gains or losses. This was the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

(ii) Segment assets and liabilities

	Trading of hardware and computer software		Provision of smart city solutions		Provision of e-commerce operation solution services		Consolidated	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2026	2025	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	121,183	85,683	24,523	24,655	7,602	-	153,308	110,338
Unallocated assets							29,045	8,527
Total assets							182,353	118,865
Segment liabilities	101,757	55,834	8,571	12,976	2,432	-	112,760	68,810
Unallocated liabilities							2,468	1,187
Total liabilities							115,228	69,997

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets were allocated to reportable segments other than certain plant and equipment, bank balances and cash, certain prepayments and other receivables and deferred tax assets which were unable to allocate to reportable segments.
- all liabilities were allocated to reportable segments other than certain other payables and income tax payables which are unable to be allocated to reportable segments.

(iii) Geographical information

Both revenue and non-current assets of the Group were derived from or located in the PRC. Accordingly, no geographical information was presented.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. OTHER OPERATING (EXPENSES) INCOME, NET GAINS OR LOSSES

	(unaudited)	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Government grants (Note)	191	711
Exchange (loss)/gain, net	(152)	97
Bank interest income	9	52
(Impairment loss)/Reversal of impairment loss of trade and bills receivables, net	(147)	56
Others	57	24
	(44)	940

Note: Government grants received during the six months ended 30 June 2026 and 2025 related to rebate of value-added tax and government subsidies. There were no unfulfilled conditions or contingencies relating to those grants.

5. INCOME TAX EXPENSES

	(unaudited)	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax expense		
PRC Enterprise Income Tax ("EIT")	1,613	1,265
Deferred tax	—	(285)
	1,613	980

Under the EIT Law (the "EIT Law") of the PRC and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises was 25% for the six months ended 30 June 2026 (2025: 25%). One of the subsidiaries of the Group was subject to EIT at a rate of 15% for the six months ended 30 June 2026 (2025: 15%), as it was classified as a High and New Technology Enterprise* (高新技術企業).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

For the six months ended 30 June 2026, no provision for Hong Kong Profits Tax has been made for the subsidiary of the Group established in Hong Kong (2025: nil) as it did not have any assessable profits subject to Hong Kong Profits Tax for the period (2025: nil).

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	(unaudited) Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Depreciation of plant and equipment	434	292

7. INTERIM DIVIDEND

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

8. RESERVES

Other than those disclosed in the condensed consolidated statement of changes in equity, there were no movements in the reserves of the Group for the six months ended 30 June 2026 and 2025.

9. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings per share for the six months ended 30 June 2026 were based on the profit for the period of approximately RMB4,472,000 (2025: loss attributable to owners of the Company of approximately RMB47,000) and the weighted average number of shares in issue of approximately 538,893,131 (2025: 506,546,170) during the reporting period.

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the six months ended 30 June 2026 and 2025 as there were no potential ordinary shares existed during the periods.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

10. TRADE AND BILLS RECEIVABLES

	(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
Trade and bills receivables at amortised cost	81,662	84,471
Less: allowances for impairment losses	(13,633)	(12,889)
	68,029	71,582

As at 30 June 2026, bills receivable of approximately RMB39,115,000 (31 December 2025: RMB24,508,000) were pledged to secure bank borrowings of approximately RMB39,115,000 (31 December 2025: RMB24,508,000).

There were no specific credit periods granted to customers except for an average credit period of 30 – 90 days (2025: 30 – 90 days) to the Group's trade customers under trading of hardware and computer software segment. Aging analysis of the trade and bills receivables, net of allowances for impairment losses, as at the end of reporting period, presented based on the invoice date which approximated to revenue recognition date is as follows:

	(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
0 to 90 days	61,813	69,217
91 to 180 days	608	994
Over 180 days	5,608	1,371
	68,029	71,582

The Group did not hold any collateral over its trade and bills receivables. Based on past experience, management considered the unimpaired balances were fully recoverable as relevant customers had a good track record and were of a good credit standing.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

11. TRADE AND OTHER PAYABLES

	(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
Trade payables	32,856	22,707
Other payables and accruals	9,430	8,508
	42,286	31,215

Aging analysis of the trade payables presented based on the invoice date is as follows:

	(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
Less than 1 year	29,202	18,218
Over 1 year but less than 2 years	72	1,490
Over 2 years but less than 3 years	758	1,887
More than 3 years	2,824	1,112
	32,856	22,707

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

12. BANK BORROWINGS

	(unaudited) 30 June 2026 RMB'000	(audited) 31 December 2025 RMB'000
Secured	39,115	24,508
Unsecured	30,000	10,000
	69,115	34,508
Carrying amounts repayable (based on scheduled repayment dates set out in the borrowing agreements):		
Within one year	69,115	34,508
Amounts shown under current liabilities	69,115	34,508

13. PAID-IN CAPITAL

	No. of Shares		Amount	
	(Unaudited) 30 June 2026 '000	(Audited) 31 December 2025 '000	(Unaudited) 30 June 2026 RMB'000	(Audited) 31 December 2025 RMB'000
Registered, issued and fully paid:				
Domestic shares with par value of RMB0.1 each	244,421	244,421	24,442	24,442
Overseas public shares ("H shares") with par value of RMB0.1 each	314,400	262,125	31,440	26,213
Total	558,821	506,546	55,882	50,655

I. REVIEW OF OPERATIONS

Operating results

(i) *Overview*

The Group has been principally engaged in (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce operation solution services (this business segment has suspended operations and is currently in the restart pilot phase).

During the reporting period, the operations of the Group's business segments are as follows:

(i) *Trading of hardware and computer software*

The Group consolidated its cooperation with core customers, continuously optimized its product portfolios and sales channels and promoted a shift from single-product sales to a “product + service” model. During the reporting period, the business scale grew steadily. However, affected by the structure of orders from major customers and fluctuations in procurement costs, the gross margin came under slight pressure. In the next phase, the Group will continue to optimize its customer structure, strengthen supply chain management and improve earnings quality.

(ii) *Smart city solutions*

The Group capitalized on digitalization opportunities, deepened its focus on government and enterprise customers, advanced the upgrading and iteration of existing projects and expanded into new regional markets, with multiple pipeline projects entering the delivery stage. The Group gradually transformed the business model of this segment from one-off project delivery to a “project construction + continuous operation + value-added services” model, while exploring the integrated application of AI and big data technologies. During the reporting period, both the business scale and profitability of this segment increased significantly, and the proportion of high value-added services steadily rose.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) E-commerce operation solution services

The Group has terminated its traditional e-commerce supply chain business and is currently preparing to restart it. The business remained in the pilot exploration phase during the reporting period. Looking ahead, the Group will leverage existing customer resources to explore differentiated operational service models and steadily advance the business restart, with substantive progress expected in the second half of the year.

(ii) Revenue

For the six months ended 30 June 2026, (i) the trading of hardware and computer software business generated revenue of approximately RMB140,786,000 (2025: RMB114,001,000), representing approximately 23.50% increase, when compared to the same period last year. During the reporting period, the business maintained strong growth momentum. Relying on the solid fundamental base of existing core customers, their order demand rose significantly compared to the corresponding period last year. As orders were delivered smoothly in the first half of the year and converted into actual revenue, this effectively drove substantial year-on-year growth in the revenue of this business; (ii) the provision of smart city solutions business generated revenue of approximately RMB13,221,000 (2025: RMB8,171,000), representing approximately 61.8% increase, when compared to the same period last year. The business focused on construction projects currently. Due to the differences in the contract amounts for the projects under construction and progress of the projects in each reporting period, there would be certain fluctuations in the amount of revenue recognised in the respective reporting periods. The Group has been actively expanding operation services to enhance the stable income capability of the business. During the reporting period, revenue from the smart city solutions business recorded a substantial year-on-year increase. On one hand, the Group continued to deepen its market penetration among government and enterprise customers, unlocking project demand from existing customers while actively exploring new regional client resources, thereby boosting the number of newly signed contracts. On the other hand, multiple pipeline projects gradually entered the implementation

MANAGEMENT DISCUSSION AND ANALYSIS

and delivery stages, leading to more projects completed and higher revenue recognized during the reporting period, which together significantly enhanced the revenue scale of this segment; and (iii) the provision of e-commerce operation solution services business generated revenue of approximately RMB285,000 (2025: nil). The traditional e-commerce supply chain service business has been terminated. The Group is planning to restart it and is carrying out preliminary pilot work, with substantive progress expected in the second half of the year.

For the six months ended 30 June 2026, the unaudited revenue of the Group was approximately RMB154,292,000 (2025: RMB122,172,000), representing an increase of approximately RMB32,120,000, or approximately 26.29%, as compared with that of the same period of the year 2025.

(iii) Gross profit margin

For the six months ended 30 June 2026, (i) the gross profit margin of the trading of hardware and computer software business was approximately 6.84% (2025: 7.83%). During the reporting period, the Group continued to execute its sales strategy for this business by optimizing the sales structure and stepping up efforts to expand high-margin products and premium customer bases, with a view to improving profitability and enhancing overall segment performance. However, during the reporting period, growing orders from existing large customers with relatively low gross profit margin, coupled with the rising procurement costs of certain orders, jointly dragged down the overall gross margin of the segment, resulting in a slight drop in the gross profit margin of this business; (ii) the gross profit margin of the provision of smart city solutions business was approximately 56.25% (2025: 40.19%). The gross profit margin of the business was affected by the gross profit margins of related projects carried out during the respective reporting periods, and there would be certain fluctuations. During the reporting period, revenue from this business achieved a year-on-year increase, while its gross margin increased by approximately 16 percentage points year-on-year. This was mainly due to the optimization of the project structure delivered in this business segment during the reporting period, where the proportion of orders for comprehensive

MANAGEMENT DISCUSSION AND ANALYSIS

upgrading, software and technical data services from existing government and enterprise customers with higher added value increased, whereas the delivery proportion of pure hardware integration projects with lower gross margins decreased. Meanwhile, as the scale of project execution expanded, the team accumulated further implementation experience, leading to effective control over labour and deployment costs during project execution. Together, these factors drove a significant improvement in the gross margin of this business; and (iii) the e-commerce operation solution services were still at the asset-light pilot operation stage. A modest amount of service revenue was recognised during the reporting period, and no costs of sales directly matching this business has been incurred (2025: nil).

For the six months ended 30 June 2026, the unaudited gross profit margin of the Group was approximately 11.25% (2025: 10.00%).

(iv) Profit for the period

For the six months ended 30 June 2026, (i) the trading of hardware and computer software business reported segment profit of approximately RMB4,188,000 (2025: RMB3,600,000). During the reporting period, this segment of the Group recorded a profit of approximately RMB4,188,000, primarily due to: (1) a significant rebound in order demand from core long-term customers during the reporting period, leading to the orderly fulfillment of orders that drove a year-on-year revenue increase of approximately 23.5% and gradually demonstrated economies of scale; and (2) the Group's continuous optimization of sales strategies and strengthened cost control, which reduced distribution and selling expenses year-on-year and improved operational efficiency; (ii) the provision of smart city solutions business reported segment profits of approximately RMB3,389,000 (2025: loss of approximately RMB1,113,000). During the reporting period, changed from a segment loss of approximately RMB1,113,000 in the corresponding period of 2025 to a segment profit of approximately RMB3,389,000, primarily due to: (1) the digitalization and government IT infrastructure construction opportunities seized by the Group, resulting in sustained demand release from existing customers projects and multiple preliminary pipeline projects entering the delivery

MANAGEMENT DISCUSSION AND ANALYSIS

and acceptance stages, which drove a year-on-year revenue increase of approximately 61.8%; and (2) continuous optimization of the project structure, with an increased proportion of high value-added businesses such as software development and technical data services, alongside a corresponding drop in the proportion of low-margin, purely hardware integration projects, which drove the gross margin up by approximately 16 percentage points year-on-year to approximately 56.25%; and (iii) the e-commerce operation solution services segment recorded a profit of approximately RMB179,000, mainly attributable to the Group generating certain revenue contribution from running a small number of pilot projects while preparing for the business restart; meanwhile, as the segment remains in an asset-light operational phase with relatively low related costs and expenses, it recorded a slight profit (2025: nil). For the six months ended 30 June 2026, the net unallocated expenses of the Group were approximately RMB1,671,000 (2025: RMB1,554,000).

As a result of the cumulative effect of the principal factors described above, for the six months ended 30 June 2026, the Group reported an unaudited profit and earnings per share of approximately RMB 4,472,000 (2025: the loss attributable to the owners of the Company of approximately RMB47,000) and RMB0.8 cents (2025: the loss per share attributable to the owners of the Company of RMB0.01 cents), respectively.

II. REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

1. Financial performance

- For the six months ended 30 June 2026, the Group's revenue amounted to approximately RMB154,292,000 (2025: RMB122,172,000).
- For the six months ended 30 June 2026, the Group's gross profit margin was approximately 11.25% (2025: 10.00%).
- For the six months ended 30 June 2026, the Group had a profit of approximately RMB4,472,000 (2025: the loss attributable to the owners of the Company of approximately RMB47,000).

MANAGEMENT DISCUSSION AND ANALYSIS

- For the six months ended 30 June 2026, the Group's earnings per share was approximately RMB0.8 cents (2025: the loss per share attributable to the owners of the Company of RMB0.01 cents).

2. Financial positions

- For the six months ended 30 June 2026, the Group recorded a net cash outflow from operating activities of approximately RMB26,982,000 (2025: RMB5,570,000), mainly attributable to the increase in inventories and in prepayments and other receivables as described below. The Group's operations and working capital were mainly financed by bank borrowings, the net proceeds from the issue of new H Shares completed on 11 March 2026 and its internal resources.
- As at 30 June 2026, the Group had inventories of approximately RMB54,539,000 (31 December 2025: RMB13,427,000). The increase in the Group's inventories during the reporting period was mainly due to the early stocking arrangements made by the trading of hardware and computer software business in respect of locked-in customer orders for the second half of the year, so as to ensure the timely delivery of such orders and the stability of the supply chain.
- As at 30 June 2026, the Group had trade and bills receivables of approximately RMB68,029,000 (31 December 2025: RMB71,582,000).
- As at 30 June 2026, the Group had prepayments and other receivables of approximately RMB25,153,000 (31 December 2025: RMB4,961,000). The increase in the Group's prepayments and other receivables during the reporting period was mainly due to the payment of performance guarantee deposits and earnest money as required by customers, in connection with the Group's smart city solutions business operated through its newly established subsidiaries, which have a relatively short operating history.

MANAGEMENT DISCUSSION AND ANALYSIS

- As at 30 June 2026, the Group had bank balances and cash of approximately RMB30,005,000 (31 December 2025: RMB25,234,000). The bank balances and cash to total assets and net asset ratios as at 30 June 2026 were approximately 16.45% (31 December 2025: 21.23%) and 44.70% (31 December 2025: 51.64%), respectively.
- As at 30 June 2026, the Group had trade and other payables of approximately RMB42,286,000 (31 December 2025: RMB31,215,000). The increase in the Group's trade and other payables during the reporting period was mainly due to the expansion of procurement scale by the trading of hardware and computer software business in connection with its advance stocking arrangements, resulting in a corresponding increase in amounts due to suppliers.
- As at 30 June 2026, the Group had contract liabilities of approximately RMB2,154,000 (31 December 2025: RMB2,990,000).
- As at 30 June 2026, the Group had total assets of approximately RMB182,353,000 (31 December 2025: RMB118,865,000).
- As at 30 June 2026, the Group had total liabilities of approximately RMB115,228,000 (31 December 2025: RMB69,997,000).
- As at 30 June 2026, the Group had current assets of approximately RMB179,244,000 (31 December 2025: RMB116,714,000).
- As at 30 June 2026, the Group had current liabilities of approximately RMB114,901,000 (31 December 2025: RMB69,670,000).
- As at 30 June 2026, the Group had total equity of approximately RMB67,125,000 (31 December 2025: RMB48,868,000).
- As at 30 June 2026, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately 63.19% (31 December 2025: 58.89%).

MANAGEMENT DISCUSSION AND ANALYSIS

- As at 30 June 2026, the Group had a current ratio (i.e. the ratio of current assets to current liabilities) of approximately 1.56 (31 December 2025: 1.68).
- As at 30 June 2026, the Group's bills receivable amounting to approximately RMB39,115,000 (31 December 2025: RMB24,508,000) were pledged to secure banking borrowings of approximately RMB39,115,000 (31 December 2025: RMB24,508,000).

3. Liquidity, financial resources and capital structure

- As at 30 June 2026, the Group had total bank borrowings of approximately RMB69,115,000 (31 December 2025: RMB34,508,000), all of which were repayable within one year. The significant increase in bank borrowings compared with the end of 2025 was mainly attributable to the Group's business expansion. The Group increased its bank borrowings for inventory stocking and day-to-day operating turnover to secure the working capital required for business development.
- The Group finances its operations principally by short-term bank borrowings, the net proceeds of the Subscriptions (as defined below) and its internal resources. The Group did not have any committed borrowing facility other than as disclosed above, did not use any financial instrument for hedging purposes and had no interest rate hedging arrangement in place as at 30 June 2026. The Group's exposure to foreign currency risk is disclosed in the section headed "Risk Alerts" of this interim report. The Group did not have a foreign currency hedging policy, but the Directors continuously monitor the related foreign exchange exposure.

As at 30 Jun 2026, The Group's bank borrowings were denominated in Renminbi and were repayable within one year and carried fixed interest rates ranging from 0.90% to 2.30% per annum (31 December 2025: fixed and floating interest rates ranging from 0.80% to 2.95% per annum). As at 30 June 2026, the Group had no unutilised banking facilities (31 December 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

- As at 30 June 2026, the total equity of the Group was approximately RMB67,125,000 (31 December 2025: RMB48,868,000). Save for the issue of 52,275,000 new H Shares under the Subscriptions completed on 11 March 2026, there was no change in the capital structure of the Group during the reporting period.

4. Charges on the Group's assets

- Save for the bills receivable of approximately RMB39,115,000 pledged to secure bank borrowings of approximately RMB39,115,000 as disclosed above, none of the assets of the Group was charged, pledged or otherwise encumbered as at 30 June 2026.

III. FUND RAISING ACTIVITIES

Issue of new H Shares under general mandate

On 11 February 2026, the Company entered into six subscription agreements. Some of such agreements were subsequently amended, terminated or replaced by supplementary, termination and new subscription agreements dated 12 February 2026 and 25 February 2026, with the remainder remaining valid under their original terms. Under those agreements, the Company agreed to allot and issue an aggregate of 52,275,000 new H Shares (with an aggregate nominal value of RMB5,227,500) to six subscribers, each of whom is an independent third party, at the subscription price of HK\$0.31 per H Share (the "Subscriptions"). The closing price of the H Shares as quoted on the Stock Exchange was HK\$0.31 per H Share on 11 February 2026, being the date of the original subscription agreements, and HK\$0.340 per H Share on 25 February 2026, being the date of the new subscription agreement. The Directors (including the independent non-executive Directors) consider that the terms of the Subscriptions, including the subscription price, are fair and reasonable and in the interests of the Company and its shareholders as a whole. These subscription agreements have been fulfilled and the completion of the Subscriptions took place on 11 March 2026. The gross proceeds and the net proceeds from the Subscriptions were approximately HK\$16.21 million and HK\$15.82 million, respectively, representing the net subscription price (after deducting all applicable costs and expenses) will be approximately HK\$0.303 per H Share.

MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds (after deducting all applicable costs and expenses) from the Subscriptions of approximately HK\$15.82 million will be allocated for the following purposes according to the expected timeline set out below:

Intended use of net proceeds		Approximate percentage of the total net proceeds	Net proceeds from the Subscriptions	Amount of net proceeds utilised during the reporting period	Amount of net proceeds unutilised as at 30 June 2026	Expected timeline of full utilisation
(i)	Enhance the customer operation capabilities of the smart city solutions business, so as to provide strong support for more projects of both existing and new domestic and foreign corporate customers; and will also be used to expand the project operation and digital analytics teams of this business, thereby strengthening the Group's service capabilities in the relevant business and creating more business opportunities.	80%	HK\$12.66 million	HK\$12.66 million	N/A (net proceed has been fully utilised)	N/A (net proceed has been fully utilised)
(ii)	Replenish general working capital of the Company, which will primarily support the daily operations of the Company's two newly established wholly-owned subsidiaries, to further expand the existing customer service network and enhance regional market coverage and service capabilities. In the initial stage of operations of these two subsidiaries, it is estimated to incur additional personnel costs and operating costs, details of which are set out as follows:	20%	HK\$3.16 million	HK\$0.45 million	HK\$2.71 million	On or before 31 December 2026
(a)	personnel costs (salaries, social insurance and housing fund, and benefits);	12%	HK\$1.90 million	HK\$0.27 million	HK\$1.63 million	On or before 31 December 2026
(b)	rental costs, utilities and related operating costs.	8%	HK\$1.26 million	HK\$0.18 million	HK\$1.08 million	On or before 31 December 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The Company will prudently pace itself in the utilisation of the net proceeds from the Subscriptions and expects to utilise the net proceeds by end of 2026, based on its current estimation of future market conditions and business plans. To the extent that such net proceeds are not immediately used for the purposes described above, the Group will deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

The net proceeds from the Subscriptions have been applied, and are proposed to be applied, in accordance with the intended uses previously disclosed in the announcements of the Company dated 11 February 2026, 12 February 2026, 25 February 2026 and 11 March 2026.

IV. SHAREHOLDING STRUCTURE

Following the completion of the above subscription of new shares under the general mandate, the 52,275,000 H subscription shares represent (i) approximately 19.94% and 16.63% of the total issued H share capital of the Company immediately before completion of each of the Subscriptions and the enlarged issued H share capital of the Company immediately after completion of each of the Subscriptions, respectively; and (ii) approximately 10.32% and 9.35% of the total issued share capital of the Company immediately before the completion of each of the Subscriptions and the enlarged issued share capital of the Company immediately following the completion of each of the Subscriptions, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Shareholders	Immediately before the completion of each of the Subscriptions		Immediately after the completion of each of the Subscriptions	
	No. of Shares	Approximate % of total issued Share capital (Note)	No. of Shares	Approximate % of total issued Share capital (Note)
H SHARES				
Substantial Shareholders				
— Visionary Technology Investment Limited (君然科技投資有限公司) (“Visionary Technology”) and parties acting in concert with it	65,092,000	12.85	65,092,000	11.65
Public Shareholders				
— Subscribers	—	—	52,275,000	9.35
— Other public shareholders	197,033,000	38.90	197,033,000	35.26
Total H Shares	262,125,000	51.75	314,400,000	56.26
DOMESTIC SHARES				
Substantial Shareholders				
— Shanghai Xinyun Zhilian Data Technology Co., Ltd.* (上海芯雲智聯數據科技有限公司) (“Xinyun Zhilian”) and parties acting in concert with it	193,316,930	38.16	193,316,930	34.59
Other Domestic Shareholders	51,104,240	10.09	51,104,240	9.15
Total Domestic Shares	244,421,170	48.25	244,421,170	43.74
Total issued Shares	506,546,170	100.00	558,821,170	100.00

Note: The calculation of shareholding percentage is based on the total number of 506,546,170 shares in issue (comprising 262,125,000 H Shares and 244,421,170 domestic shares) immediately before the completion of each of the Subscriptions, and the enlarged issued share capital of the Company of 558,821,170 Shares (comprising 314,400,000 H shares and 244,421,170 domestic shares) immediately following the completion of each of the Subscriptions. The Company has no treasury shares as at the date of this interim report. The aggregate of the percentage figures in the above table may not add up to the sub-total or total percentage figures due to rounding of the percentage figures to two decimal places.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, the shareholding structure of the Company remained the same as that immediately after the completion of each of the Subscriptions as set out in the table above.

As at 30 June 2026, the registered capital of the Company was RMB55,882,117, comprising 244,421,170 domestic shares (the “**Domestic Shares**”) with a nominal value of RMB0.10 each and 314,400,000 H Shares with a nominal value of RMB0.10 each.

As at 31 December 2025, the registered capital of the Company was RMB50,654,617, comprising 244,421,170 Domestic Shares with a nominal value of RMB0.10 each and 262,125,000 H Shares with a nominal value of RMB0.10 each.

Minimum public float confirmation

Immediately following completion of the Subscriptions, the Company confirms that not less than 25% of the Company’s total number of issued shares (or such lower prescribed minimum percentage as approved by the Stock Exchange, as applicable) was held by the public in accordance with the requirements under the GEM Listing Rules.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float as required under the GEM Listing Rules throughout the six months ended 30 June 2026 and up to the date of this interim report.

Reasons for the Subscriptions

The Directors consider that the Subscriptions represent a good opportunity to support the Group’s long-term development strategy, raise capital for the Company to expand existing business opportunities as and when they arise, as well as broaden the shareholder base of the Company. Upon the completion of the Subscriptions, the proceeds raised will further strengthen the Group’s financial strength, market competitiveness and comprehensive strength, and promote the long-term healthy and sustainable development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors consider that the Subscriptions represent a suitable financing option for the Company to raise further funding to support the Group's continuous development and business growth taking into account the recent market conditions, which is in the interest of the Company and its shareholders as a whole.

CSRC filing status

Pursuant to the *Trial Measures for the Administration of Domestic Enterprises' Overseas Securities Issuance and Listing* (境內企業境外發行證券和上市管理試行辦法) and the *Provisions on Strengthening Confidentiality and Archival Administration in Connection with Domestic Enterprises' Overseas Securities Issuance and Listing* (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), the Company has submitted the filing materials in respect of the Subscriptions to the China Securities Regulatory Commission (the "CSRC"). The relevant filing procedures are still in progress.

V. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, the Board is not aware of any significant event which has a significant impact on the Group's consolidated financial statements after the reporting period.

VI. FUTURE PROSPECTS

The Group's core principal businesses are the trading of computer software and hardware and the provision of smart city solutions services. After years of in-depth operation, the Group has accumulated customer resources of governments, industrial parks and industrial enterprises across over sixty cities nationwide, and has established a comprehensive IT supply chain, digital project delivery system and localised service network. Leveraging the advantages accumulated from its existing software and hardware and smart city businesses, the Directors and management are, on a preliminary and exploratory basis, assessing potential industry development opportunities relevant to the Group's existing operating foundation, including the possible incorporation of certain AI-related applications that may complement the aforesaid existing businesses. No definitive plan, timetable or specific scale of investment has been determined as at the date of this interim report, and any such initiatives remain subject to further evaluation by the Board. Going forward, the Group will coordinate and

MANAGEMENT DISCUSSION AND ANALYSIS

promote the traditional principal businesses and the AI-derived segment to advance in synergy and achieve linked development. Any AI-related initiatives that the Group may pursue are expected to build upon, and remain ancillary to, the Group's existing customer relationships, project experience and operational infrastructure in its computer software and hardware trading and smart city solutions businesses, rather than constituting a new business independent of, or unrelated to, the Group's existing principal businesses.

In the next stage, the Group will take its existing computer software and hardware trading and smart city solutions services businesses as the foundation, and simultaneously implement various AI-derived businesses to achieve synergistic revenue growth across multiple segments. At the level of the computer software and hardware trading business, the Group will iteratively expand its product matrix by adding AI hardware products such as GPU servers and edge computing power equipment; leveraging its existing enterprise customer resources, the Group will tap value-added demands such as computing power leasing, Token metering services and AI agent subscription, thereby transforming one-off equipment sales into recurring digital service income. At the level of smart city projects, the Group will deploy local computing power nodes and industry AI digital employees as part of its digital turnkey projects for cities and parks, and launch a Token subscription billing system; by leveraging the long-term operation and maintenance capabilities of its existing projects, the Group will extend AI industrial ongoing operation services, so as to optimise its revenue structure and address the business weakness of one-off project collections.

Looking ahead to the medium and long term, the Group will continue to unlock the synergistic flywheel effect between its traditional principal businesses and its AI businesses. It will first implement nationwide an integrated standard operation model of "software and hardware supply + smart city project implementation + computing power and AI agent subscription e-commerce digital smart services". It will then complete the layout of nationwide AI infrastructure across all domains, and expand overseas industrial intelligence-related services by leveraging its existing cross-border trading channels. In the long run, it will export a comprehensive suite of global AI industry solutions, while continuing to prioritise the sustainable growth of its existing computer software and hardware trading and smart city solutions businesses, which the Directors consider will remain the Group's core source of revenue and profitability for the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is optimistic about the long-term development prospects of the industry AI track. The various AI businesses that the Group plans to expand are naturally derived from existing computer software and hardware and smart city businesses, rather than being new standalone tracks added through cross-industry expansion. These businesses share customers, channels and project scenarios, offering significant synergy advantages. The coordinated development of multi-segment businesses will not only help enhance the Group's overall comprehensive gross profit margin and increase the proportion of recurring service income, but also enable the Group to continuously accumulate industrial data assets and build core competitive barriers that are difficult for peers to replicate. The Group will continue to seize industry development opportunities, advance the implementation and operation of the linked businesses in an orderly manner, deepen its integrated industry ecosystem, and strive to deliver long-term sustainable returns to all Shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

Save as disclosed below, as at 30 June 2026, none of the Directors, supervisors or chief executives of the Company had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required (a) pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange:

Long position in Shares

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
<i>Executive Director</i>			
<i>chairman and</i>			
<i>chief executive officer</i>			
Mr. Wang Zheng	Interest of controlled corporations	*193,316,930 Domestic Shares (Note 1)*	34.59%
		and *65,092,000 H Shares (Note 2)*	11.65%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Note 1: These 193,316,930 Domestic Shares are beneficially owned by Xinyun Zhilian. Xinyun Zhilian is wholly-owned by Shanghai Chemcloud Data Technology Co., Ltd.* (上海芯化和雲數據科技有限公司) (“**Shanghai Chemcloud**”). Shanghai Chemcloud is owned as to approximately (i) 60.23% by Shanghai Yilan. Shanghai Yilan is held as to 87.14% by its general partner, namely Shanghai Yelanyao. Shanghai Yelanyao is held as to 78.46% by Mr. Wang Zheng; (ii) 17.21% by Shanghai Qinghui Yening Enterprise Management Partnership (Limited Partnership) (上海清輝夜凝企業管理合夥企業(有限合伙)) (“**Qinghui Yening**”). Qinghui Yening is held as to 67.21% by its general partner, namely Mr. Wang Zheng; and (iii) 8.60% by Shanghai Xiaheyu Enterprise Management Partnership (Limited Partnership) (上海夏和嶼企業管理合夥企業(有限合伙)) (“**Shanghai Xiaheyu**”). Shanghai Xiaheyu is held as to 0.1% by its general partner, namely Mr. Wang Zheng, and none of the limited partners of Shanghai Xiaheyu holds 50% or more of the equity interests of Shanghai Xiaheyu. As such, Shanghai Chemcloud is ultimately controlled by Mr. Wang Zheng. For the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), each of Shanghai Chemcloud, Shanghai Yilan Enterprise Management Partnership (Limited Partnership)* (上海亦藍企業管理合夥企業(有限合伙)) (“**Shanghai Yilan**”), Shanghai Yelanyao Enterprise Management Co., Ltd.* (上海葉瀾瑤企業管理有限公司) (“**Shanghai Yelanyao**”) and Mr. Wang Zheng are deemed to be interested in the 193,316,930 Domestic Shares owned by Xinyun Zhilian.

Note 2: Visionary Technology Investment Limited (“**Visionary Technology**”) and Chemcloud (HK) Data Technology Limited (“**Chemcloud (HK)**”) hold 65,022,000 and 70,000 H shares respectively. Pursuant to the acting in concert agreement dated 25 July 2025 (the “**Acting in Concert Agreement**”), Shanghai Xinyun Zhilian Data Technology Co., Ltd.* (上海芯雲智聯數據科技有限公司) (“**Xinyun Zhilian**”), Chemcloud (HK) and Visionary Technology are concert parties. Under Part XV of the SFO, Mr. Wang Zheng is deemed interested in all such H shares.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

For the six months ended 30 June 2026, none of the Directors, supervisors or chief executives of the Company was granted options to subscribe for the Shares (2025: nil). As at 30 June 2026, none of the Directors, supervisors or chief executives of the Company or any of their spouses and children under 18 years of age had any interests in, or had been granted any interests in, or had been granted, or exercised, had any rights to subscribe for the Shares (or warrants or debentures, if applicable) or to acquire the Shares (31 December 2025: nil).

INTERESTS DISCLOSABLE UNDER THE SFO AND THE SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, supervisors or chief executives of the Company, as at 30 June 2026, there were no persons or companies (other than the interests as disclosed above held by the Directors) who had equity interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company; or who were Shareholders as recorded in the register maintained under section 336 of the SFO:

CORPORATE GOVERNANCE AND OTHER INFORMATION

Long position in Shares

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
<i>Substantial Shareholders</i>			
Xinyun Zhilian	Beneficial owner and concert party	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%
Shanghai Chemcloud	Interests of a controlled corporation and concert party	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%
Shanghai Yilan	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
Shanghai Yelanyao	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%
Mr. Wang Zheng	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%
Visionary Technology	Concert party and beneficial owner	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	46.24%
Mr. Zhang Yi	Interests of a controlled corporation	193,316,930 Domestic Shares and 65,092,000 H Shares (Note 3)	46.24%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
<i>Other persons</i>			
Rise Sea	Beneficial owner	37,528,000 H Shares (Note 4)	6.72%
Deqing Huisheng Investment Company Limited* (德清匯升投資有限公司) ("Deqing Huisheng")	Interests of a controlled corporation	37,528,000 H Shares (Note 4)	6.72%
Zhejiang Shenghua	Interests of a controlled corporation	37,528,000 H Shares (Note 4)	6.72%
Xia Shilin	Interests of a controlled corporation	37,528,000 H Shares (Note 4)	6.72%
Xia Yiping	Interests of a controlled corporation	37,528,000 H Shares (Note 4)	6.72%
Ms. Qian Xiaomei	Interests of spouse	37,528,000 H Shares (Note 5)	6.72%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
Mr. Wu Menggen	Beneficial owner	21,000,000 Domestic Shares and 12,800,000 H Shares	6.05%
Ms. Dai Jihong	Interests of spouse	21,000,000 Domestic Shares and 12,800,000 H Shares (Note 6)	6.05%
Mr. Shen Ermao	Beneficial owner	27,294,240 Domestic Shares	4.88%

Notes:

- (1) Xinyun Zhilian, a limited company established in the PRC, is directly interested in these 193,316,930 Domestic Shares. Xinyun Zhilian is wholly-owned by Shanghai Chemcloud, a limited company established in the PRC. Shanghai Chemcloud is owned as to approximately (i) 60.23% by Shanghai Yilan. Shanghai Yilan is held as to 87.14% by its general partner, namely Shanghai Yelanyao. Shanghai Yelanyao, a limited company established in the PRC, is held as to 78.46% by Mr. Wang Zheng; (ii) 17.21% by Shanghai Qinghui Yening Enterprise Management Partnership (Limited Partnership)* (上海清輝夜凝企業管理合夥企業(有限合夥)) (“**Qinghui Yening**”). Qinghui Yening is held as to 67.21% by its general partner, namely Mr. Wang Zheng; and (iii) 8.60% by Shanghai Xiaheyu Enterprise Management Partnership (Limited Partnership)* (上海夏和嶼企業管理合夥企業(有限合夥)) (“**Shanghai Xiaheyu**”). Shanghai Xiaheyu is held as to 0.1% by its general partner, namely Mr. Wang Zheng, and none of the limited partners of Shanghai Xiaheyu holds 50% or more of the equity interests of Shanghai Xiaheyu. As such, Shanghai Chemcloud is ultimately controlled by Mr. Wang Zheng. For the purposes of the SFO, each of Shanghai Chemcloud, Shanghai Yilan, Shanghai Yelanyao and Mr. Wang Zheng are deemed to be interested in the 193,316,930 Domestic Shares owned by Xinyun Zhilian.

CORPORATE GOVERNANCE AND OTHER INFORMATION

By virtue of the Acting in Concert Agreement, Shanghai Chemcloud, Xinyun Zhilian, Chemcloud (HK) and Visionary Technology are parties acting in concert and, therefore, are deemed to be interested in each other's Shares under the SFO.

- (2) These 65,092,000 H Shares are the aggregate of (i) 65,022,000 H Shares beneficially owned by Visionary Technology; and (ii) 70,000 H Shares beneficially owned by Chemcloud (HK), both limited companies incorporated in Hong Kong.

By virtue of the Acting in Concert Agreement, Shanghai Chemcloud, Xinyun Zhilian, Chemcloud (HK) and Visionary Technology are parties acting in concert and, therefore, are deemed to be interested in each other's Shares under the SFO.

- (3) Visionary Technology is wholly-owned by Mr. Zhang Yi. For the purposes of the SFO, Mr. Zhang Yi is deemed to be interested in Visionary Technology's Shares.
- (4) These 37,528,000 H Shares are beneficially owned by Rise Sea. Rise Sea is a limited company incorporated in Hong Kong and is wholly-owned by Zhejiang Shenghua. Zhejiang Shenghua, a limited company established in the PRC, is owned as to approximately 69.54% by Deqing Huisheng, a limited company established in the PRC, which in turn is owned as to 51% and 49% by Mr. Xia Shilin and Ms. Xia Yiping, respectively. For the purposes of the SFO, Zhejiang Shenghua, Deqing Huisheng, Mr. Xia Shilin and Ms. Xia Yiping are each deemed to be interested in the 37,528,000 H Shares owned by Rise Sea.
- (5) Ms. Qian Xiaomei is the spouse of Mr. Xia Shilin and, therefore, she and Mr. Xia Shilin are deemed to be interested in each other's Shares under the SFO.
- (6) Ms. Dai Jihong is the spouse of Mr. Wu Menggen and, therefore, she and Mr. Wu Menggen are deemed to be interested in each other's Shares under the SFO.

The shareholding percentages set out in the table above are calculated based on the total number of issued shares of the Company as at 30 June 2026. Following the subscription and issuance of 52,275,000 new H Shares under the general mandate by the Company in March 2026, the shareholding interest of the substantial Shareholders, namely Xinyun Zhilian and parties acting in concert with it, were diluted from approximately 51.01% to approximately 46.24%.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Employees information

As at 30 June 2026, the Group had 79 (31 December 2025: 76) employees in total. The total staff costs of the Group for the reporting period amounted to approximately RMB12,354,000 (2025: RMB11,522,000).

The Group's human resources management strategy was formulated in accordance with the Group's development strategy as guideline on the one hand and with the goals stipulated in the long-term vision planning as direction on the other. At the same time, incentive schemes have been linked with other aspects of human resources management and promoted each other. The Group established wide recruitment channels, set up mechanisms for attracting talents, focused on the development of talent usability and formulated a good system in people deployment and incubation. The Group implemented a salary management system which linked up staff performance appraisal with a compensation system. Salary was fixed and paid in accordance with performance appraisal results. After a total assessment of an employee's job performance, capability and work attitude, a comprehensive evaluation could be established for the employee which would be used as referencing standard. Through the integration of the two systems, the employees were effectively motivated, and at the same time, it would also be conducive to the successful completion of the Group's goals.

The Group attached great importance to staff development and ability enhancement and provided them with a variety of quality and skill training opportunities. In this way, employees would be more suitable for the Group's job requirements and, at the same time, they would be fully developed in their careers.

The Group did not have any staff share scheme or bonus plan.

SHARE OPTION SCHEME AND SHARE AWARD SCHEME

During the six months ended 30 June 2026, the Company or its subsidiaries did not adopt any share option scheme or share award scheme within the meaning of Chapter 23 of the GEM Listing Rules. Accordingly, no share options were granted, exercised, cancelled or lapsed under any scheme during the six months ended 30 June 2026 (2025: nil), and there were no outstanding share options as at 30 June 2026 (31 December 2025: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

RISK ALERTS

When reading this interim report and making investment decisions, shareholders and prospective investors should be aware that the Group's business operations are subject to various uncertainties and risks. The risks set forth below are not exhaustive, and there may be other unknown or unmaterialized risk factors in addition to those discussed herein.

Industry Competition Risks

The IT hardware and software sales and digital solutions industry in which the Group operates is highly competitive, with a continuous influx of market participants. Should competitors adopt competition strategies such as price reductions or service enhancements, the Group may not be able to maintain its existing client base, order volume, and gross profit margins. Intensified market competition may weigh on the Group's revenue and profitability.

Domestic Regulatory and Policy Change Risks

All of the Group's businesses are operated within Chinese Mainland and are subject to domestic regulatory rules, including industrial policies and policies on data security, cybersecurity, and government procurement. Any adjustments to the relevant laws, regulations, or industry regulatory requirements may lead to change in the Group's business models, higher compliance costs, and uncertainties in certain business operations of the Group.

Foreign Currency Risk

The Group's exposure to foreign currency risk is mainly related to its bank balances, trade and bills receivables, other receivables and trade and other payables denominated in foreign currencies other than the functional currency of the relevant group entity. The Group has no foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Risks Related to the Proposed AI Derivative Business

While the Group remains optimistic about its proposed AI derivative business, shareholders and prospective investors should be aware that such emerging business models are subject to uncertainties, including but not limited to, evolving regulatory landscape and data compliance requirements in the PRC, potential volatility in the supply chain for high-end artificial intelligence hardware, and project execution risks. The Group will continue to closely monitor relevant policy developments and adjust its business strategies accordingly.

CONNECTED TRANSACTIONS

During the six months ended 30 June 2026, the Group did not enter into any transaction which constitutes a connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules that is subject to the reporting, annual review, announcement, circular and/or independent shareholders' approval requirements thereunder.

COMPETING INTERESTS

None of the Directors, the supervisors or the controlling shareholders of the Company or their close respective associates (as defined under the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group during the six months ended 30 June 2026.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities, litigation or arbitration of material importance as at 30 June 2026.

INTERIM DIVIDEND

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

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered or existed during the first half of 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

For the six months ended 30 June 2026, the Group did not have any material investment, material acquisition or material disposal of subsidiaries, associates or joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSET

As at the date of this interim report, the Group did not have any future plan involving material investment or capital asset.

AUDIT COMMITTEE

The Company established an audit committee in November 2001 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The current audit committee of the Company comprises three independent non-executive Directors, Ms. Huang Xuanzhen, Mr. Cai Jiamei and Mr. Zhang Mingbo, with Ms. Huang Xuanzhen as the chairman.

The condensed interim financial statements and the interim report of the Group for the six months ended 30 June 2026 have not been audited or reviewed by the Company's auditor, but have been reviewed by the Company's audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including any sale or transfer of treasury shares) during the six months ended 30 June 2026 (2025: nil).

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2026, the Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors and supervisors, the Company confirmed that all Directors and supervisors had complied with the required standard of dealings and code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2026.

CORPORATE GOVERNANCE

The Company has adopted and complied with all code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set forth in Appendix C1 to the GEM Listing Rules, except for the deviation from code provision C.2.1 as explained below, throughout the six months ended 30 June 2026.

The code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

From 1 January 2026 until the conclusion of the annual general meeting of the Company held on 26 June 2026, Mr. Wang Feng held both the positions of chairman (the “**Chairman**”) and chief executive officer (the “**Chief Executive Officer**”) of the Company. With effect from the conclusion of that meeting, Mr. Wang Zheng was appointed as both the Chairman and the Chief Executive Officer of the Company, and he is responsible for managing the Board and the Group’s business. The Board believed that vesting the roles of both the Chairman and Chief Executive Officer in the same person would facilitate the execution of the Group’s business strategies and boost effectiveness of its operations. Therefore, the Board considered that the deviation from the code provision C.2.1 of Part 2 of the CG Code was appropriate in such circumstances. In addition, under the supervision of the Board which was comprised of four executive Directors and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks on the exercise of power by the Chairman and Chief Executive Officer and protect the interests of the Company and Shareholders. However, the Board will continue to regularly review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of the Chairman and Chief Executive Officer is necessary.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

With effect from the conclusion of the annual general meeting of the Company held on 26 June 2026, (i) Mr. Wang Feng (王鋒) resigned as an executive Director, the chairman of the Board and the chief executive officer of the Company, and Ms. Wu Lihui (吳麗輝) resigned as an executive Director and the finance manager of the Company; (ii) Mr. Wang Zheng (王征) was appointed as an executive Director, the chairman of the Board and the chief executive officer of the Company, and Mr. Tan Xiao (譚笑) was appointed as an executive Director; and (iii) Mr. Wang Feng ceased to be a member of each of the Remuneration Committee and the Nomination Committee, and Mr. Wang Zheng was appointed a member of each of the Remuneration Committee and the Nomination Committee. Details of the above changes were set out in the announcement of the Company dated 26 June 2026.

Save as disclosed in this interim report, there is no change in the information of the Directors, the Supervisors or the chief executive of the Company that is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

By order of the Board

Xinhua Lande Scitech Co., Limited*

Wang Zheng

Chairman and Chief Executive Officer

Shanghai, the PRC, 28 August 2026

* For identification purposes only