2025

ANNUAL REPORT

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Incorporated in Bermuda with Limited Liability

Digital China Holdings Limited
神州數碼控股有限公司*

神州控股
DC Holdings

* for identification purpose only

CONTENT

Company Profile

Digital China Holdings Limited ("**DC Holdings**", HKSE: 00861.HK) was established in 2000 and has been listed on the main board of the Hong Kong Stock Exchange since 2001. Since our inception, we have remained committed to the mission of "Digitalizing China" and upheld our core values of "Customer Success, Value Creation, Pursuing Excellence, and Open Collaboration". Committed to leadership in vision, technology and practice, we take root in China with a global vision and strive for innovation. Guided by the "AI for Process" philosophy, Digital China is steadfastly pursuing a strategic upgrade via "Data x AI". By leveraging its full-stack AI technologies and achievements in integrated supply chain scenarios, we continue to empower enterprises in intelligent process transformation, striving to build a new intelligent economy ecosystem characterized by technological autonomy and shared value.

The Company is focusing on establishing full-stack AI service capabilities centered on computing power, data, algorithms, applications, and customized solutions, accelerating the transformation of cutting-edge technologies into high-value commercial scenarios. At the computing layer, we provide end-to-end services throughout the entire lifecycle, including computing power planning and construction, coordinated scheduling, optimization and reengineering, and computing power asset management. At the data layer, we offer full lifecycle data governance capabilities encompassing data collection, cleansing, modeling, operations and maintenance, and security protection. Through full-link governance, we ensure the supply of high-quality, secure, and trustworthy data, helping enterprises drive the compliant evolution of raw data into high-value data assets. Guided by the core concept of "AI for Process", we have developed the "Xiao Jin" supply chain intelligent agent. Leveraging large language models and multi-agent collaborative technologies, AI is deeply embedded into core operational processes such as order management, warehousing, transportation, and billing. AI proactively plans core business scenarios, enabling enterprises to achieve full-link intelligent collaboration and efficiency transformation. The Company has also innovatively launched the "Yanyun AI-First FDE AI First FDE" model, enabling rapid entry into various industries, accumulating and extracting data assets, deeply integrating AI technologies with clients' business processes, and consistently delivering value.

In core business scenarios, the Company integrates domestic and international resources to build a technology-driven, deeply collaborative intelligent supply chain service system. Our operations focus on the entire spectrum of warehousing, transportation, distribution, reverse logistics, and intelligent operations, providing clients with end-to-end fulfillment solutions spanning integrated domestic warehousing and distribution, cross-border import and export, as well as overseas transportation and warehousing services. The aim is to help clients optimize inventory, reduce costs, enhance efficiency, strengthen supply chain resilience, and maximize value across the entire chain. In addition, the Company has established a full-link e-commerce operations service matrix covering store and station operations, digital marketing, creative live streaming, order fulfillment, localized operations, and customer service, empowering brands throughout their lifecycle growth.

We have branches across China and have established six high-quality science and technology parks, five R&D centres and four logistics parks in the core areas of the four major economic zones: the Yangtze River Delta, Pearl River Delta, Central and Western China, and Bohai Rim. We have overseas branches in Malaysia, Thailand, Vietnam, Singapore and other regions, with our service capabilities covering 100% of prefecture-level cities in China and more than 50 countries and regions. We continue to invest in technology R&D, leading and participating in the formulation of 225 national and industrial standards, and holding more than 3,400 intellectual property rights including software copyrights and patents. We have also received various domestic and international honours and awards, including the First Prize of the National Technology Invention Award and the World Internet Conference Awards for Pioneering Science and Technology.

Financial Highlights

	2025 RMB'000	2024 RMB'000	Year-on-year change
Revenue	**21,014,999**	16,657,343	26.16%
Of which: Data Intelligence Services	**5,588,436**	4,666,385	19.76%
Integrated Supply Chain Services	**1,932,002**	1,744,622	10.74%
Fintech Services and Others	**13,494,561**	10,246,336	31.70%
Profits (loss) attributable to equity holders of the parent	**31,420**	(253,949)	(112.37%)

DC Holdings 2025 Significant Events

January

The Smart Supply Chain Sharing Session hosted by Instant Technology Logistics (ITL), a subsidiary of DC Holdings, was held in Beijing. The event, themed "Grateful for the partnership, we co-create infinity", brought together elites from various industries to jointly explore the latest trends in the supply chain.

February

The launching ceremony of the Peking University-Shenqi Digital Yanyun Infinity Intelligent Software Joint Laboratory was held in Beijing. Pu Shilong (Academician of the Chinese Academy of Sciences and Vice President of Peking University), Mei Hong (Academician of the Chinese Academy of Sciences), and Guo Wei (Chairman of the Board of DC Holdings) attended the event.

March

Guo Wei, Chairman of the Board of DC Holdings, officially released his English book "The Power of Time" at the London Book Fair. This book is his second English work following "The Power of Datafication", with copyright handled by China National Publications Import & Export (Group) Corporation and published and distributed by the UK LID Publishing Group.

April

The 8th Digital China Construction Summit's Digital Transportation and Logistics Sub-forum was held in Fuzhou. At the meeting, DC Holdings and Beijing Jiaotong University signed a cooperation agreement. The two parties jointly released a green supply chain initiative and, together with the China Federation of Logistics & Purchasing, China Unidata Logistics Information Co., Ltd. (中國數聯物流信息有限公司), and other enterprises and institutions as well as 16 pilot cities, jointly launched the logistics data open interconnection initiative.

The "third-generation" core system of Shenzhen Rural Commercial Bank, constructed by DCITS under DC Holdings, has been successfully fully launched. This system uses the "Jiutian Lanyue" cloud-native financial PaaS platform, domestic database and domestic cloud as its technical foundation, fully achieving the goal of building a distributed cloud-native core system.

May

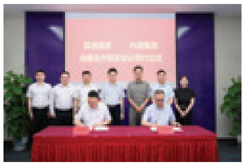
Guided by the National Data Administration, the Trusted Data Spaces Alliance, initiated by the China Academy of Information and Communications Technology, the National Data Development Research Institute, along with 19 central enterprises, 30 research institutes, and leading companies, has announced its member list. DC Holdings and its subsidiary Shenqi Digital were both approved as alliance members due to their profound accumulation in the fields of data security, trusted circulation and digital transformation.

At the DC Motivation 2025 Digital Intelligence Finance Forum, DCITS, a subsidiary of DC Holdings, together with CFCA, the Hebei Branch of the People's Bank of China, the Jiangsu Branch of the People's Bank of China, China UnionPay, and other organizations, jointly launched the industry's first standard research on the "Guidelines for Information Security Control Measures of Financial Institutions".

DC Holdings 2025 Significant Events

June

ITL, a subsidiary of DC Holdings, officially signed a strategic cooperation agreement with YTO Express at YTO headquarters in Shanghai. Both parties will jointly build an industry benchmark "warehousing and distribution integrated" ecosystem, providing customers with end-to-end one-stop comprehensive supply chain solutions.



During the 2025 World Cross-Border E-Commerce Development Conference, the "Operating Standards for Cross-Border E-Commerce Platform Enterprises and Related Service Providers", deeply participated in and formulated by ITL, a subsidiary of DC Holdings, was officially released, while it was awarded global certification as a cross-border e-commerce marketing service provider. In response to the new situation in international trade, the Company provides practical solutions for manufacturing enterprises going overseas from the perspective of digital intelligence empowerment and the construction of a new supply chain ecosystem.

July

The DC Motivation® 2025 Live Day, created by DC Holdings, has spectacularly kicked off. The event deeply focuses on "AI Empowering Smart Supply Chains" and "AI Empowering Government Services", using on-site visits through cameras and technical dialogues to deeply interpret the path of AI technology from concept to application scenarios.

ITL, a subsidiary of DC Holdings, won first place in the bidding for China Mobile Terminal Company's national centralized logistics service procurement project for 2025 to 2026, with a total project budget exceeding RMB424 million.

July

ITL, a subsidiary of DC Holdings, grandly held a warehouse opening ceremony at the Jishi Baiyun Airport Industrial Park in Renhe Town, Baiyun District, Guangzhou. As the Company's flagship warehousing and logistics centre in the South China region, this warehouse will primarily serve fast-moving consumer industries such as domestic beauty products, creating an intelligent, efficient, and centralized logistics hub.

ITL, a subsidiary of DC Holdings, signed a strategic cooperation agreement with Junyao Technology, a subsidiary of Semir Group. On the basis of their initial cooperation in software products and technology, the two sides will carry out broader and deeper cooperation, promoting the digital and intelligent upgrade of the supply chain in the footwear and apparel industry, and creating benchmark solutions for the industry.

ITL, under DC Holdings, has signed a strategic partnership agreement with Swedish luxury brand Golden Concept. While obtaining exclusive marketing authorization in mainland China, it will rely on its intelligent supply chain capabilities to provide integrated operation services from commerce to logistics.

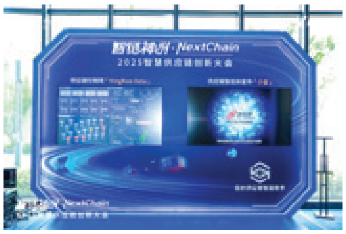
DC Holdings 2025 Significant Events

August

The "AI@DC • The Power of Life — Digital China 25th Anniversary Celebration" was grandly held. Employees across China and overseas celebrated together online and offline, reflecting on 25 years of digital pursuit and jointly embarking on a new journey in the AI era.

September

On September 11, during the 2025 China International Fair for Trade in Services — Xiong'an New Area Digital Trade Innovation and Development Conference, Zhang Guohua (張國華), Chairman of the Hebei Provincial Committee of the Chinese People's Political Consultative Conference, Member of the Standing Committee of the Hebei Provincial Party Committee, and Secretary of the Party Working Committee and Director of the Management Committee of Xiong'an New Area, met with CAI Yinghua, President and Chief Operating Officer of DC Holdings. Mr. Zhang highly commended DC Holdings as a "leader in smart city construction". During the roundtable forum on "Digital Economy Era: Opportunities and Challenges in Building Trusted Trade", Lv Jing, Vice President of DC Holdings and President of its Data Intelligence Group, was invited to speak. He shared the Company's practical experience in implementing trusted data spaces and offered insights on the construction of a global trusted trade mechanism.



September 17: The "Zhilian Shenzhou • NextChain" 2025 Smart Supply Chain Innovation Conference was successfully held in Kunshan. This conference was co-hosted by Digital China Holdings Limited, together with the China Association of Trade in Services, the Electronic Industry Supply Chain Branch of the China Federation of Logistics and Purchasing, and the Logistics Information Service Platform Branch of CFLP. Beijing Jiaotong University served as the academic guidance unit, with special support from CNR.cn (China National Radio Online) and LogClub (www.logclub.com). At the conference, DC Holdings ITL, unveiled its new smart supply chain strategy, signed strategic cooperation agreements with four industry benchmark enterprises, and jointly launched the "Supply Chain + AI Ecosystem Alliance" with industry, academic, and research partners. The Company also prominently introduced the supply chain intelligence agent, "Xiao Jin". Through industry insights, solution analysis, case studies, and roundtable dialogues, the event delivered an intellectual feast combining technical depth with practical value.

September

September 18: The seventh "King's Challenge (王者挑戰賽)" Supply Chain Warehousing Skills Competition, organized by ITL, a subsidiary of DC Holdings, was successfully held. The competition brought together leading corporate clients from the IT, 3C, fast-moving consumer goods, beauty and cosmetics, and pharmaceutical sectors, alongside authoritative industry associations such as the China Federation of Logistics & Purchasing, CFLP, as well as teachers and students from numerous vocational and technical colleges. By seamlessly integrating professional expertise, technological prowess, green principles and engaging interactive elements, the event comprehensively demonstrated the Company's outstanding operational efficiency in the field of smart supply chains. It highlighted the Company's forward-looking approach to talent development and its rich corporate culture, whilst fully showcasing its strategic vision in building an industrial talent ecosystem and promoting collaborative development within the sector.

The second edition of "The Power of Datafication", authored by Guo Wei, Chairman of DC Holdings, has been officially launched. The book focuses on digital transformation in the age of AI, providing a practical guide for enterprises seeking to embrace this new era.

DC Holdings 2025 Significant Events

October

The Zhangzhou AI government affairs project, constructed by a subsidiary of DC Holdings, was officially launched. "Houxi", the first AI assistant for government affairs in Fujian Province, achieved full coverage of functions including intelligent consultation, in-process inquiry and handling, and auxiliary approval, serving as a vivid example of the practical implementation of the "Guidelines for the Deployment and Application of AI Large Models in Government Affairs".

ITL, a subsidiary of DC Holdings, signed a strategic cooperation agreement with UQI, a subsidiary of UBTECH, at the CeMAT ASIA 2025 logistics exhibition. Adopting a model of "co-construction in technology, co-creation in scenarios, and sharing in the ecosystem", the two parties will jointly build an embodied intelligence application ecosystem in the field of circulation logistics, creating a fully unmanned operational system.

S&P Global, the international authoritative rating agency, announced the results of its Corporate Sustainability Assessment (CSA). DC Holdings outperformed with an excellent score of 42, significantly exceeding the industry average of 34, thereby distinguishing itself in the sustainability race within the information technology sector.

November

ITL, a subsidiary of DC Holdings, successfully supported the Double 11 shopping festival for the 16th consecutive year. Leveraging the dispatch strategies of the "Xiao Jin" intelligent agent, Digitized Supply Chain System (including OMS, WMS, TMS, BMS, etc.), and innovations in automation equipment, it achieved outstanding results, with a timely order signing rate exceeding 99.7% and an improvement in shipping efficiency of over 20%.

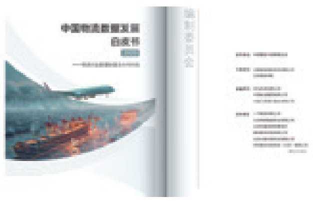
November

ITL, a subsidiary of DC Holdings, officially signed a strategic cooperation agreement with Kasimir, a new-generation stationery brand, in Hangzhou. Building on this collaboration, the two parties will engage in comprehensive cooperation across areas such as supply chain management, e-commerce operations, and intelligent warehousing solutions, jointly driving Kasimir's sustained growth and innovative breakthroughs in the stationery market.

ITL, a subsidiary of DC Holdings, signed a strategic cooperation agreement with PUDU, a leading global brand in the service robotics sector. Leveraging the Group's advantages in overseas expansion services and PUDU's robotic technological strengths, the two parties will integrate innovation within the robotics sector and deepen their global supply chain footprint.

December

On the first anniversary of the establishment of China Unidata Logistics Information Co., Ltd., the China Unidata Technology Innovation and Ecosystem Partner Conference was grandly held at the Shanghai International Convention Center. ITL, the smart supply chain brand of DC Holdings, was invited to attend. At the conference, the China Logistics Data Development White Paper, co-compiled by China Unidata and several industry leaders including DC Holdings, was officially released.



ITL, a subsidiary of DC Holdings, served as the technical support unit for the 3rd Henan Logistics Industry Vocational Skills Competition. It provided its independently developed Digitized Supply Chain System (including OMS, WMS, TMS, BMS, etc.), which was designated as the sole official competition system for the third consecutive time, once again putting into practice the "industry-university-research-application" integration model.

Awards and Honors of DC Holdings in 2025

January 2025

On 15 January, the Group was awarded the "2024 LOG Supply Chain & Logistics Technology Innovation Breakthrough Award".

March 2025

On 19 March 2025, the Group was awarded the 2024 "Outstanding Logistics Supplier" by Canon.

April 2025

In April, the Group was named among the "Top 50 Fintech Service Providers in China" by iResearch.

In April, the Group was awarded the "2024 Leading Enterprise in Software Industry Application" by the China Software Industry Association.

May 2025

On 15 May, the Group was awarded the "Golden Chain Award-Best Supply Chain Innovation" (SSCL).

In May, was listed in the "2025 Forbes China AI TECH Enterprises TOP 50".

June 2025

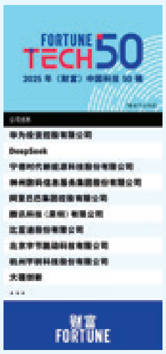
On 17 June, the Group was selected as a "Global Cross-border E-commerce Marketing Excellence Provider".

Awards and Honors of DC Holdings in 2025

August 2025

On 20 August, the Group was awarded the "Third Prize of Science and Technology Progress Award" at the 2025 Science and Technology Awards by the China Federation of Logistics & Purchasing.

On 21 August, the Group was listed in the "2025 Fortune China's 50 Most Innovative Companies in Technology".



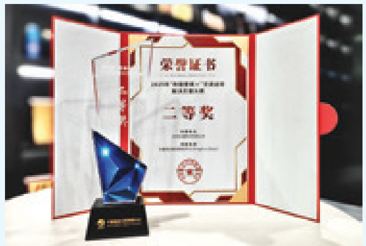
September 2025

In September, the Group was awarded the "2025 New Fortune Magazine Best IRs (HK)".

September 2025

On 16 September 2025, the Group's "Integrated Intelligent Solution for the Whole Process of Manufacturing Enterprises" was selected as a "National First Batch of SIAP Industrial Intelligence Application Typical Cases".

On 26 September, the Group won the Second Prize at the "Data Elements × Transportation Solution" Competition.



In September, the Group was named among the "2025 Top 50 in the IDC Global FinTech".

November 2025

On 3 November, the Group was awarded the "Zhiyuan Award for Pioneer Enterprise in Social Responsibility (S)" by CLS.

Awards and Honors of DC Holdings in 2025

November 2025

On 7 November, the Group was awarded the "Outstanding Brand Promotion Award" by Stockstar.

In November, the Group was named among the "2025 FORBES CHINA Go-international Brands Top 30 Selection".

December 2025

On 3 December, the Group was awarded the "2025 Best ESG Company Award" by Smart Finance.

On 4 December, the Group was awarded the "IDC Innovative Application Award" for its "Smart Supply Chain Control Tower".

December 2025

On 18 December, a subsidiary of the Group was listed in the "2025 Top 50 Leading Technology Service Brands for Digital and Intelligent Transformation and Smart Manufacturing of Central and State-owned Enterprises".

On 30 December, the Group was awarded the "ESG Outstanding Sustainable Development Enterprise Award" by Hong Kong Commercial Daily.

On 31 December, the Group was awarded the "Emerging Power AI Enterprise Award" by CLS.

Chairman's Statement

Mr. GUO Wei

As the intelligent revolution enters a new phase of accelerated global deployment and value realization, experiencing breakthrough leaps from underlying model capabilities to upper-layer application paradigms, the industry's focus has swiftly shifted from the pursuit of model parameters to the demand for tangible industrial value. However, AI applications within most enterprises remain fragmented and project-based. The actual efficiency gains achieved at scale often fall short of AI's true potential. Historically, the core driver of industrial transformation has been process reengineering. Therefore, deeply embedding AI into enterprise workflows has become a critical strategic imperative for successfully achieving digital transformation and structural upgrades. Based on this, I have proposed the core development philosophy of "AI for Process." Rather than a mere technological concept, it is a systematic methodology that leverages AI to drive enterprise process transformation and achieve leaps in value creation.

The core of "AI for Process" is to deeply integrate AI into business workflows, achieving precise synergy between artificial and human intelligence. This drives the transition of technology from "managerial productivity" — focused on data presentation and management — to "operational productivity," which is capable of independent judgment and executing complex operational tasks. AI can serve as "digital employees" to handle repetitive, tedious, and high-risk work, allowing human talent to focus on creative and decision-making endeavors. This ultimately creates a highly synergistic human-machine collaboration. Building upon this foundation, Digital China Holdings has further elevated its "Data × AI" strategy. By amplifying the multiplier effect of data and AI as they mutually catalyze and reinforce one another, we are utilizing our core supply chain operations as a strategic fulcrum to continuously drive process reengineering. This will, in turn, trigger and lead a comprehensive leap in overall industry efficiency.

The supply chain is a core domain characterized by immense complexity and strategic value. It is not only the primary battlefield for enterprise competitiveness but also a macro-system comprised of massive physical entities, complex relationships, and dynamic events. In the face of today's immense market uncertainties, traditional management models relying on past experience and linear planning are increasingly inadequate. The unique value of AI lies precisely in its ability to process the multi-dimensional, non-linear correlations that the human brain struggles to master. This enables a paradigm shift from passive response to proactive foresight, and from local optimization to global synergy within the "forecast-plan-execute-feedback" closed loop. Consequently, the need for intelligent process reengineering within the supply chain is more urgent than ever.

Chairman's Statement

Drawing on profound insights from over two decades of deep industry cultivation, Digital China Holdings has systematically embedded the "Data × AI" strategy into the core scenario of the supply chain: First, we are productizing and servitizing our "Data × AI" capabilities to build a well-structured, full-stack technological foundation for AI. From underlying AI computing infrastructure services, via the hub "Yanyun Infinity" data intelligence decision-enablement platform, and up to top-tier intelligent applications that deeply integrate large models and knowledge tools, we have encapsulated these capabilities into a comprehensive AI Supply Chain Solution. Second, we leverage this complete technology stack to comprehensively reshape supply chain system. Through our intelligent national warehousing and distribution network and omni-channel service chain, we substantively assist our clients in achieving their core objectives: inventory optimization, cost reduction, and enhanced fulfillment efficiency.

Furthermore, our capabilities continue to evolve. Recently, Digital China Holdings pioneered the Yanyun 3.0 AI First FDE (Forward Deployment Engineer) business model within the industry. This model achieves a deep, full-link coupling between AI technology and client business processes, streamlining the entire workflow from presales to contract signing. This innovation has boosted overall operational efficiency by 30 to 50 times and accelerated project delivery cycles by 5 to 7 times. More significantly, with the agile flywheel, we can accumulate data assets and knowledge bases for more specialized industries at an extremely low marginal cost, thereby building a continuously expanding business moat.

Looking ahead, the wave of intelligence will move toward a deep integration of autonomous intelligence and ecological synergy. Competition in the supply chain will escalate into a competition of intelligent multi-agent network collaborative capabilities among enterprises, and even across industrial ecosystems. Digital China Holdings will remain steadfastly rooted in data and AI, connecting with industry, academia, and research institutions with an increasingly open posture. Our goal is not only to achieve our own intelligent transformation but to co-build a new intelligent supply chain ecosystem characterized by technological autonomy and shared value. We strive to make every supply chain more resilient through intelligence, thereby providing every partner with the certainty of growth in an era of uncertainty.

The path ahead is clear, and steadfast action will lead us to our destination. In the vast blue ocean of value in the AI era, we are not only building our own digital ark, but we are also eager to share our guiding compass and sailing canvas with all our investors, clients, and partners. Together, we look forward to witnessing a brilliant future defined by human-machine synergy and boundless renewal.

Management Discussion and Analysis

1. OVERVIEW

1.1 Implementing the "AI for Process" Philosophy, Achieving a Breakthrough in the "Data x AI" Strategy

Adhering to its original aspiration of "Digital China", DC Holdings has implemented the core philosophy of "AI for Process" to comprehensively drive the strategic elevation of "Data x AI". Through the deep integration of physical supply chain services with full-stack AI technologies, the Company is reconstructing business processes and unlocking scalable value through data-driven intelligent decision-making. Leveraging over two decades of industry expertise in sectors such as consumer electronics, intelligent communications, fast-moving consumer goods, beauty and cosmetics, and durable consumer goods, the Group has established a differentiated competitive advantage built on the synergy of "scenario depth, technology-driven innovation, and ecosystem collaboration". In 2025, the Company achieved milestone breakthroughs in both strategic implementation and operational performance.

During the Reporting Period, building upon the achievements of its National Technology Invention Award First Prize, the Group completed a leapfrog upgrade of its Yanyun technology system. Following the Yanyun 1.0 DaaS product, it officially launched the Yanyun 2.0 Infinity data intelligence decision-making enablement platform and pioneered the industry's first Yanyun 3.0 AI First FDE (Forward Deployment Engineer) business model. This model deeply integrates AI technologies with clients' business processes, streamlining the entire pre-sales to contract signing chain and achieving an overall operational efficiency increase of 30 to 50 times, while shortening project delivery cycles by 5 to 7 times. In supply chain scenarios, the Group launched the "Xiao Jin" intelligent agent cluster to empower end-to-end intelligent upgrades across various scenarios. During the year, it signed strategic cooperation agreements with 15 core clients and ecosystem partners. Annual shipment orders exceeded 100 million, representing a year-on-year increase of approximately 40%, with a net revenue retention rate reaching 100%. Additionally, the Group has strategically positioned itself in the embodied intelligence sector, accelerating the implementation of intelligent applications for the "last mile" in the warehousing field in collaboration with several leading enterprises.

1.2 Returning to Profitability with Significantly Improved Operational Quality

During the Reporting Period, the Group's operating revenue was RMB21.01 billion, reflecting a year-on-year increase of 26%; gross profit was RMB2.49 billion, reflecting a year-on-year increase of 8%, net profit attributable to the parent turned from a loss to a profit, swinging from a loss of RMB254 million in the same period last year to a profit of RMB31.42 million; adjusted net profit increased from a loss of RMB127 million in the same period last year to RMB215 million. The significant improvement in operational quality was primarily attributable to the rapid growth of the integrated supply chain services business driven by robust marketing and lean operations ; while the fintech services segment also returned to profitability. The Company has abundant cash flow, and a robust order backlog. Cash flow generated from operating activities during the Reporting Period amounted to RMB490 million, with newly signed contracts worth RMB16.19 billion, laying a solid foundation for the Group's long-term and sustainable development.

In this Reporting Period, the Group introduced the disclosure of "service-based business", which refers to high-value-added services delivered to clients through integrated supply chain operations and full-stack data intelligence technology, encompassing end-to-end fulfillment, e-commerce operations, and digital intelligence empowerment. During the Reporting Period, the service-based revenue of the Company reached RMB10.14 billion, reflecting a year-on-year increase of 9%, accounting for 48% of the Group's total revenue.

1.3 Data x AI Technology Leadership, Continuously Innovating Supply Chain Practices

As of 31 December 2025, the Group has led or participated in the development of a total of 225 national, industry and association standards, among which 123 were approved and released, and 102 were under research and development. Besides, the Group held a total of 3,415 intellectual property rights, including software copyrights and patents, marking an increase of 238 items compared to the previous year. As a member of the Trusted Data Space Alliance under the guidance of the National Data Administration, the Group has contributed to the formulation of two national standards in the field of big data technology and has been deeply involved in the construction of the national logistics data ecosystem. The Group jointly released the nation's first "White Paper on China's Logistics Data Development" in collaboration with China Data Alliance and other partners. Additionally, the Group has contributed to the development of industry standards such as the "Operational Specifications for Cross-border E-commerce Platform Enterprises and Related Service Providers" and the "China Electronic Supply Chain 'One Code to End'", fully demonstrating its leading position in technological innovation and the advancement of industry standards.

During the Reporting Period, the Group was honored with several prestigious awards, including the IDC China Ecological Innovation Application Award, the 2025 Fortune China Tech 50, the New Power Artificial Intelligence Enterprise, the Top 3 Data Intelligence Service Providers of 2025, the Science and Technology Award by the China Federation of Logistics & Purchasing, the Global Cross-border E-commerce Marketing Excellence Provider from the China Association of Trade in Services, the LOG Supply Chain Logistics Technology Innovation Digital Intelligence Innovation Award, the SSCL Golden Chain Award-Best Supply Chain Innovation. Additionally, the Group's project was selected as a National First Batch of SIAP Industrial Intelligence Application Typical Cases. These accolades signify the industry's high recognition of the Group's effective practices in the field of AI and supply chain.

2. ANALYSIS OF PRINCIPAL BUSINESS OPERATIONS

Guided by its core strategy of "Data x AI", the Group continued to advance business focus and organizational refinement. To more clearly present the business value and growth momentum across various sectors, the Group adjusted its business disclosure framework for the Reporting Period to three segments: "data intelligence services"、"integrated supply chain services", and "fintech services and other". Each segment demonstrated remarkable innovation achievements, with all segments achieving rapid revenue growth, fully showcasing the positive outcomes and strong momentum of strategic focus.

2.1 Data Intelligence Services

The Group continues to deepen its AI full-stack service capabilities centered on computing power, data, algorithms, and applications, accelerating the transformation of cutting-edge technologies into high-value commercial scenarios. By leveraging the agile validation and deep co-creation business model of the "Yanyun AI First FDE", it rapidly enters target industries, significantly shortening delivery cycles and establishing a new operational paradigm where technology drives business. While creating value for clients, it also accumulates standardized and replicable data assets, solidifying its technological moat and driving high-quality, sustainable growth in service-based revenue. During the Reporting Period, revenue from this segment was RMB5.59 billion, an increase of 20% year-on-year; gross profit was RMB416 million, an increase of 22% compared to the same period last year; and segment results were RMB34 million, an increase of 197% compared to the same period last year.

The Group deeply integrates full-stack AI technologies into supply chain scenarios, leveraging dynamic and precise execution scheduling alongside intelligent decision-making outputs to significantly reduce operational risks and trial-and-error costs, thereby empowering clients to reduce costs, improve efficiency, and enhance quality.

At the compute layer, the Group provides end-to-end services encompassing computing power planning and construction, coordinated scheduling, optimization and reengineering, and computing power asset management. During the reporting period, the Company continued to explore the intelligent computing market, delivering computing power infrastructure construction services for several leading domestic internet clients in Ulanqab, along with end-to-end computing power services ranging from board-level to chip-level support.

At the data layer, leveraging the Yanyun Infinity platform, the Group has built a powerful data middle office capable of delivering full lifecycle data governance capabilities including data collection, cleansing, modeling, operations and maintenance, and security protection. This transforms raw data into standardized data assets, ensuring high-quality, secure, and trustworthy enterprise-level data supply. Based on supply chain scenarios, the Group has constructed a data-driven AI middle office for the logistics industry, converting its deep operational expertise in the sector into core data assets and proprietary knowledge repositories. By deploying the "Yanyun AI First FDE" model to embed industry insights upfront, the Group rapidly accumulates data assets and industry knowledge repositories across other domains within the supply chain.

At the algorithm and application layer, the Group deeply integrates large language models with knowledge tools, fully adapting to the Agentic AI technical architecture. It systematically aggregates key algorithmic capabilities such as model fine-tuning, agent orchestration, machine learning, and operations research optimization, while applying MCP and A2A protocols to break down data silos across departments and establish a unified language alongside human-machine collaboration mechanisms.

During the reporting period, the Group officially launched its supply chain intelligent agent cluster, "Xiao Jin", embedding native AI decision-making capabilities into daily business processes. Leveraging Xiao Jin's capabilities, the Group comprehensively reconstructed its core operational execution systems, including OMS, WMS, TMS, and BMS, driving a shift from traditional experience-driven operations to intelligent decision-driven upgrades. This resulted in an over 30% improvement in decision-making efficiency within warehouse dispatch and operational scenarios. In areas such as business analysis, intelligent data querying, and proposal development, work efficiency increased by 50% to 70%. During the extreme stress test of tens of millions of orders at the 2025 "Double Eleven" peak, "Xiao Jin" fully empowered the entire chain from forecast stocking to outbound handover, achieving a 280% increase in order peak processing capacity, a 20% improvement in complex document picking and sorting efficiency, a reduction of 1 hour in package handover dwell time, and an on-time order receipt rate exceeding 99.7%, significantly enhancing business responsiveness and customer service quality. To serve small and medium-sized clients and ecosystem partners, the Group launched a lightweight SaaS solution, "Kejie Cloud Warehouse", enabling small and medium-sized enterprises to rapidly undergo supply chain AI transformation, improve overall supply chain operational efficiency, and further facilitate the accumulation of organizational expertise and the replication of capabilities.

2.2 Integrated Supply Chain Services

With over two decades of in-depth industry engagement and practical experience, the Group has established an integrated supply chain service system that closely coordinates end-to-end logistics supply chain fulfillment with omnichannel e-commerce operations. The Group decouples complex supply chain management into modular, combinable atomic standard capabilities, providing enterprise clients with comprehensive solutions from planning and fulfilment to operations. Through customized services deeply rooted in industry scenarios, the Group precisely addresses customer needs, committed to helping them optimize inventory, reduce costs, enhance efficiency, and strengthen supply chain resilience, ultimately maximizing value across the entire chain. During the Reporting Period, the segment generated revenue of RMB1.93 billion, representing a 11% increase compared to the same period last year. Gross profit reached RMB265 million, down 16% year-on-year. Segment results amounted to RMB175 million, marking a 18% year-on-year increase.

Driven by the Dual Engines of "Client and Ecosystem" to Forge Growth Momentum

In terms of industry clients, we launched The Legacy Value Program for deepening existing client engagement and The Growth Frontier Initiative for new client acquisition, achieving dual growth in both order volume and revenue for our domestic supply chain business. In 2025, the annual shipment volume exceeded 100 million units, representing a year-on-year increase of approximately 40%. During the Double 11 shopping festival, shipment volume grew by over 50% year-on-year. Through refined client tiering and targeted operations, the number of net retained clients increased to 508 year-on-year. The net dollar retention rate reached 100%, an improvement of 8% year-on-year. Additionally, the Group successfully expanded its client base by securing five new clients each generating over RMB10 million in business volume.

In the realm of ecological collaboration, strategic cooperation agreements were signed with 15 clients and partners including Semir Group's Joytech, Juyou Biotech, Lenovo Zhixiang, YTO Express, and UQI, laying a solid foundation for future business growth. In parallel, driven by rapid business expansion and the implementation of our ecosystem strategy, the Group launched the "Kejie Cloud Warehouse" model for small and medium-sized brands and partners, aiming to rapidly integrate high-quality domestic third-party warehousing resources, thereby building a replicable and strongly controllable large-scale operational capacity.

Currently, the Group manages over 160 warehouses, with a total storage area approaching 1 million square meters. Its operations span more than 300 cities across China, while radiating out to the global market with Southeast Asia serving as a crucial hub. The Group has established a significant presence in key trading hubs such as Vietnam, Thailand, Malaysia, and Indonesia, building a robust domestic and international supply chain service network. Furthermore, it is poised to deeply integrate AI-driven supply chain technologies across its entire business chain, injecting strong momentum into the growth of its service-based revenue.

Management Discussion and Analysis

Focus on Advantageous Industries and Create Benchmark Practices

In the consumer electronics industry, the Group provides a leading IT client with localized warehousing and rapid inventory allocation, enhancing fulfillment efficiency through integrated warehousing, transportation, and distribution solutions. Leveraging the KingkooData supply chain control tower, the Group is able to deliver customized big data analytics and monitoring dashboards to achieve precise end-to-end supply chain management.

In the intelligent communications industry, the Group has continuously secured the national logistics centralized service procurement project of a domestic operator, with an overall scale exceeding RMB400 million. It has also expanded cooperation with a globally leading smartphone client, fully demonstrating the Group's strong fulfillment capabilities enabled by its extensive domestic warehousing and distribution network.

In the fast-moving consumer goods and beauty industry, the Group provides a B2B and B2C integrated omnichannel supply chain solution for a rising domestic brand specializing in biologically effective skincare. Additionally, it extends one-stop operational services such as market analysis, product selection, and after-sales support by leveraging e-commerce platform resources. Furthermore, powered by the "Xiao Jin" supply chain intelligent agent, the Group dynamically analyzes real-time data changes in complex warehousing management operations, offering clients the optimal balance between fulfillment guarantees and warehousing profit and loss. This ensures smooth operations with high flexibility during major promotional events like Double 11 shopping festival.

Strengthening lean operations and enhancing service quality

Focusing on five key dimensions (fulfillment, quality, inventory, labor efficiency and site efficiency), we have established a warehouse indicator system that is "visible, definable, manageable, and evolvable". This system continuously enhances our lean supply chain management capabilities and improves customer satisfaction. In warehousing management, we have upgraded SOPs across the entire supply chain and driven an operational revolution through the "one screen per post" strategy, driving a 9% year-on-year increase in the efficiency of orders shipped per person. Warehouse operational indicators such as on-time shipping rates and 24-hour pick-up rates have also achieved significant year-on-year improvements of over 99.97% and 99.75%. For inventory management, we strictly control inventory using DPMO standards, raising inventory accuracy to 99.98% and providing a solid foundation for efficient fulfillment. The implementation of the "Xiao Jin" supply chain intelligent agent has further upgraded warehouse management from "human-controlled" to "intelligent-controlled", reducing costs and increasing efficiency for clients across multiple processes.

2.3 FinTech Services And Other

The Group's fintech service business provides comprehensive and integrated digital transformation support services for financial institutions and clients across various industries. Leveraging extensive customer coverage, massive scenario data, and deep industry understanding, it continuously drives the precise implementation and innovative breakthroughs of AI solutions, deeply serving over 2,000 financial and pan-financial clients, successfully achieving high-quality development that balances both scale and quality. During the Reporting Period, the revenue of this segment was RMB13.49 billion, an increase of 32% compared to the same period last year; gross profit was RMB1.81 billion, an increase of 10% compared to the same period last year; and segment results increased from a loss of RMB413 million in the same period last year to a profit of RMB135 million.

During the Reporting Period, the Company promoted deep integration of artificial intelligence with financial business processes, and focused on upgrading AI empowerment from single-point tool applications to intelligent business process-wide applications. At the same time, with the "Qiankun" enterprise-level digital intelligence foundation as the core, the Company deeply cultivated "AI+finance" application scenarios, continuously improving the modeling process platform, financial large models, and AI toolchain, promoting intelligent integration across key business lines such as core operations, credit, risk management, and client operations, thereby supporting the digital intelligence transformation of financial institutions.

3. FUTURE OUTLOOK

The national "15th Five-Year Plan" lists AI as a core engine for cultivating new quality productive forces, bringing new development opportunities for the digital and intelligent transformation of the supply chain. The Group will commit to implementing the "AI for Process" philosophy and deeply implementing the "Data x AI" strategy. Powered by intelligence as the engine, strong marketing as the spear, and lean operations as the shield, continuously promoting the transformation of the supply chain from a cost center to a value center.

Intelligent Engine: Deepen the competitiveness of the data intelligence decision-making enabling platform with "Yanyun Infinity" as the core, complete industry AI for process through the "Yanyun AI First FDE" model, take the lead in launching supply chain intelligent agent clusters and intelligent application services for industry clients and ecosystem partners, and accelerate the comprehensive transformation of the commercialization and implementation of AI solutions.

Strong Marketing: Resolutely implement the "Client + Ecosystem" strategy, using the Legacy Value Program and the Growth Frontier Initiative as key initiatives to drive rapid growth of industry clients, accelerate the application of AI capabilities in supply chain and e-commerce scenarios, create proprietary e-commerce live streaming IP, continuously build a competitive advantage in data intelligence and integrated supply chain services, and ensure absolute leadership in scale and market brand within target industries.

Lean Operations: Continuously advance the standardized execution system and hierarchical management of clients, establish an industry-recognized reputation as a "warehouse management expert" and "cargo management expert", continuously improve the quality and satisfaction of client operational services, and help clients achieve cost reduction and efficiency improvement while promoting the improvement of the Group's own operational efficiency and operational quality.

Organizational Development: The Company issued an AI Code of Conduct to unify the AI understanding across all employees and advanced the AI-driven restructuring of internal processes. Concurrently, the Company continued to strengthen the cultivation and recruitment of specialized talent, accelerating the development of AI First FDE organizational capabilities, thereby driving improvements in AI effectiveness and operational efficiency.

Looking ahead, the Group will implement the AI for Process concept integrating general and specialized AI, focusing on the deep integration and value transformation of AI full-stack technology with supply chain business scenarios, enabling clients to shift intelligent solutions from "efficiency tools" to an "intelligent ecosystem", and injecting high-quality development momentum into the real economy.

4. STATUS ON THE SETTLEMENT PLANS REGARDING CERTAIN WEALTH MANAGEMENT PRODUCTS PURCHASED BY THE GROUP (THE "WMP")

As of 31 December 2025, the total net book value of the WMP was approximately RMB672 million. Leveraging the acquired right to proactively dispose of the ultimate underlying assets associated with the WMP (which comprise a real estate residential project and a market and commercial complex), the Group is implementing the disposal plans and specific action plans in relation thereto, with the following progress:

- Regarding the real estate residential project (the net book value of which was approximately RMB84 million as of 31 December 2025), benefiting from the court's ruling finalising the restructuring plan, the project is now fully ready for marketing and disposal. The Group is currently pursuing a multi-dimensional marketing strategy to actively engage with market demand and drive the conversion of assets into cash.

- Regarding the market and commercial complex (the net book value of which was approximately RMB588 million as of 31 December 2025), the Group has adopted a strategy of "stable operation and timely disposal". The market section is operating stably. The commercial complex section is currently undergoing divestment into a new corporate entity in accordance with the final restructuring plan approved by the court. The Group is expected to acquire a controlling interest in this new corporate entity, so as to ensure efficient control of the disposal process. The asset divestiture is progressing smoothly, and a well-known professional institution has been engaged to carry out operational and brand promotion activities, with a view to accelerating the recovery of funds while enhancing asset value.

The Group will continue to push forward the implementation of the action plans and the Company will make further announcement(s) as and when appropriate in the event of any material development.

5. RECONCILIATION OF NON-IFRS ACCOUNTING STANDARDS MEASURES TO THE NEAREST IFRS ACCOUNTING STANDARDS MEASURES

To supplement our consolidated results which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted EBITDA and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS Accounting Standards measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash or one-off items and certain impact of investment transactions. The use of these non-IFRS Accounting Standards measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards measures may be defined differently from similar terms used by other companies.

Adjusted net profit represents profit (loss) for the year adjusted for (i) certain non-cash or one-off items, consisting of share-based compensation expenses and certain impairment reversal (provision); (ii) net gains or losses from certain investments; (iii) fair value changes of investment properties; and (iv) related income tax effects.

Adjusted EBITDA represents profit (loss) for the year adjusted for (i) net gain on disposal of equity interests in associates, fair value gain (loss) on investment properties, certain items in other income and gains, certain items in other expenses, net, finance costs, share of loss of associates and joint ventures and income tax expenses; and (ii) certain non-cash or one-off items, consisting of share-based compensation expenses, amortisation of intangible assets, depreciation of property, plant and equipment, depreciation of right-of-use assets and certain impairment reversal (provision).

The following tables set forth the reconciliations of our non-IFRS Accounting Standards measures for the years ended December 31, 2025 and 2024, to the nearest measures prepared in accordance with IFRS Accounting Standards.

	2025 **RMB'000**	2024 RMB'000
Profit (loss) for the year	**61,169**	(563,687)
Adjusted for:		
Share-based payments	**6,013**	17,641
(Reversal of impairment loss) impairment of interests in associates, net	**(28,696)**	23,784
Impairment loss on goodwill	**114,001**	364,604
Net losses on investees *(Note (i))*	**71,076**	22,937
Fair value (gain) loss investment properties	**(11,688)**	7,517
Income tax effects on non-IFRS adjustments	**3,052**	274
Adjusted net profit (non-IFRS Accounting Standards measures)	**214,927**	(126,930)
Income tax expenses not adjusted for adjusted net profit	**18,428**	65,639
Share of profits of investments accounted for using the equity method not adjusted for adjusted net profit	**6,236**	18,842
Interest on bank deposits	**(15,702)**	(12,989)
Finance costs	**157,875**	129,192
Amortisation of intangible assets	**93,722**	78,650
Depreciation of property, plant and equipment and right-of-use assets	**136,761**	146,828
Adjusted EBITDA (non-IFRS Accounting Standards measures)	**612,247**	299,232

Note (i) Mainly include fair value changes related to certain investments, gains or losses on deregistration or disposal of investees or subsidiaries, dilution gains or losses, and certain share of profits or losses of investments accounted for using the equity method.

Capital Expenditure, Liquidity and Financial Resources

The Group mainly finances its operations with internally generated cash flows, bank borrowings and banking facilities.

The Group had total assets of approximately RMB21,675 million as at 31 December 2025 which were financed by total liabilities of approximately RMB12,210 million, non-controlling interests of approximately RMB3,714 million and equity attributable to equity holders of the parent of approximately RMB5,751 million. The Group's current ratio as at 31 December 2025 was 1.32 as compared to 1.42 as at 31 December 2024.

During the year ended 31 December 2025, capital expenditure of approximately RMB102 million was mainly incurred for the additions of property, plant and equipment and other intangible assets.

Management Discussion and Analysis

As at 31 December 2025, the Group had cash and bank balances of approximately RMB3,488 million, of which about approximately RMB3,327 million were denominated in Renminbi.

The aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.60 as at 31 December 2025 which remains the same as at 31 December 2024. The computation of the aforesaid ratio was based on the total interest-bearing bank and other borrowings of approximately RMB3,450 million (31 December 2024: approximately RMB3,483 million) and equity attributable to equity holders of the parent of approximately RMB5,751 million (31 December 2024: approximately RMB5,831 million).

As at 31 December 2025, the denomination of the interest-bearing bank and other borrowings of the Group was shown as follows:

	RMB'000
Current	
Interest-bearing bank borrowings, unsecured	1,665,770
Interest-bearing bank borrowings, secured	220,615
Current portion of long-term bank loans, unsecured	1,000
Current portion of long-term bank loans, secured	132,377
Other borrowings	51,001
	2,070,763
Non-current	
Interest-bearing bank borrowings, unsecured	9,000
Interest-bearing bank borrowings, secured	1,369,845
	1,378,845
Total	3,449,608

Certain of the Group's bank borrowings of:

1. Approximately RMB1,630 million extended by financial institutions to certain subsidiaries of the Group were secured by mortgages over the Group's buildings, investment properties and land use rights with an aggregate carrying amount of approximately RMB3,097 million at 31 December 2025; and

2. Approximately RMB50 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 9,100,000 issued shares of DCITS, a non-wholly-owned subsidiary of the Company, directly held by a wholly-owned subsidiary of the Company, with an aggregate carrying amount of approximately RMB151 million at 31 December 2025.

Included in the Group's current and non-current bank borrowings of approximately RMB133 million and RMB1,379 million respectively represented the long-term loans which are repayable from year 2026 to 2037. As at 31 December 2025, approximately RMB1,947 million and RMB1,503 million of the Group bank borrowings were charged at fixed interest rate and floating interest rate respectively.

The total available bank credit facilities for the Group at 31 December 2025 amounted to approximately RMB14,085 million, of which approximately RMB1,238 million were in long-term loan facilities, approximately RMB12,847 million were in trade lines, short-term and revolving money market facilities. At 31 December 2025, the facility drawn down from the Group was approximately RMB1,160 million in long-term loan facilities, approximately RMB3,988 million in trade lines, short-term and revolving money market facilities.

Under the normal course of business, the Group has issued performance bonds to some customers for potential claims of non-performance in order to satisfy the specific requirements of these customers. As no material claims had been made by the customers under such performance bonds in the past, the management considers that the possibility of realisation of any actual material liabilities arising from such performance bonds is remote.

Contingent Liabilities

Patent Infringement Lawsuit Against Digital China Jinxin (Beijing) Technology Co., Ltd.

In March 2016, Shenzhen Yihua Computer Co., Ltd. (hereinafter referred to as "**Yihua**") initiated legal proceedings against Oki Electric Industry (Shenzhen) Co., Ltd. (hereinafter referred to as "**OKI**") and Digital China Jinxin (Beijing) Technology Co., Ltd. (hereinafter referred to as "**DC Jinxin**") in a patent infringement dispute. Yihua alleged that the defendants had violated its proprietary rights by infringing upon five utility patents. The patent numbers involved in the five cases are ZL201420112570.5, ZL201210385756.3, ZL201420060123.X, ZL200910108145.2, and ZL201420020564.7. Pursuant to the alleged infringements, Yihua sought judicial relief, demanding that OKI desist from the manufacturing, marketing, and promising sales of the products in question, while DC Jinxin was enjoined from selling and promising the sale of such products. Additionally, Yihua claimed monetary compensation for economic losses and reasonable expenses incurred in the protection of its rights, totaling RMB7 million from both OKI and DC Jinxin.

In January 2019, the Shenzhen Intermediate People's Court of Guangdong Province issued the first-instance judgment for the five cases, ordering OKI to desist from the production and sale of the infringing products and compensate RMB4.4 million. The judgement also ordered DC Jinxin to halt the sales and not to promise sales of such products and to compensate Yihua RMB1 million. The judgment dismissed all other claims advanced by Yi Hua.

OKI and DC Jinxin filed an appeal against the first-instance judgment. In December 2020, the Supreme People's Court rendered a civil ruling, which held that the five cases had failed to scrutinize the "OEM Supply Agreement" between OKI and Yi Hua. The Supreme People's Court determined that the initial factual findings were unclear and affected the infringement assessment. Consequently, it vacated the first-instance judgment and ordered a retrial. Yihua withdrew the litigations in November 2023.

However, in December 2023, Yihua filed a legal action with the Shenzhen Intermediate People's Court against OKI and DC Jinxin again, alleging infringement of its five previously identified invention patents. Yihua sought an injunction requiring OKI to desist from the production and sale of the infringing products and DC Jinxin to halt the sales and not to promise sales of such products. Additionally, Yihua demanded compensation from OKI and DC Jinxin for economic losses and reasonable expenses associated with efforts to mitigate the infringement, totaling RMB275.3 million.

On 29 August 2024, Yihua withdrew its claim for infringement damages against DC Jinxin and clarified that only OKI would bear the compensation liability. DC Jinxin is only responsible for ceasing the infringement.

As at 31 December 2025, the case has not yet been adjudicated. Based on the advice from the legal advisor, no material loss will be borne by DC Jinxin.

Dispute over Sales Contract between Digital China System Integration Services Co., Ltd. and Beijing Urban Construction Intelligent Control Technology Co., Ltd.

In June 2025, Beijing Urban Construction Intelligent Control Technology Co., Ltd. ("**UCIC**") instituted legal proceedings against Digital China System Integration Services Co., Ltd. ("**DC System Integration**") in the Third Intermediate People's Court of Beijing and the People's Court of Shunyi District, Beijing.

UCIC claimed that it entered into procurement contracts with DC System Integration in December 2023 and January 2024, with contract amounts of RMB333.6 million and RMB42.7 million respectively, aggregating RMB376.3 million. UCIC alleged that it had delivered the goods in accordance with the contract, but DC System Integration failed to make payment accordingly.

UCIC requested the court to order DC System Integration to pay the contract sum of RMB376.3 million under the relevant procurement contracts, liquidated damages for overdue payment of RMB36.5 million, legal fees of RMB500,000 and other expenses, and sought an order that the Company be held jointly and severally liable for the aforesaid debts.

UCIC applied to the courts for property preservation in the aggregate amount of RMB413.3 million. As at 31 December 2025, bank accounts of the Company with an aggregate balance of RMB413.3 million had been frozen.

As at 31 December 2025, the case had been heard but no judgment had been handed down. According to legal advice, the court is highly likely to dismiss UCIC's claims.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2025.

Commitment

At 31 December 2025, the Group had the following commitments:

	RMB'000
Contracted, but not provided for, in the consolidated financial statements:	
Land and buildings	**25,370**
Capital contributions payable to joint ventures	**48,450**
Capital contributions payable to financial assets at fair value through other comprehensive income	**429**
	74,249

Foreign Currency Exposure

The Group is exposed to foreign exchange risk arising from net monetary liabilities in currencies other than the functional currencies of approximately RMB240,384,000 (2024: RMB166,236,000) as at 31 December 2025.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange should the need arise.

Events After the Reporting Period

Reference is made to the announcements of the Company dated 15 September 2020, 14 January 2026 and 16 January 2026 in relation to, among others, the grant by Digital China Software Co., Ltd* (神州數碼軟件有限公司) ("**DC Software**"), and exercise by Changchun Financial Holding Group Co., Ltd* (長春市金融控股集團有限公司) and Changchun Jingyue High-Tech Industry Development Zone State-Owned Assets Investment Management Co., Ltd.* (長春淨月高新技術產業開發區國有資產投資經營有限公司) (collectively, the "**Investors**"), of put options ("**Put Options**") in Shenqi Digital Company Limited* (神旗數碼有限公司) ("**Shenqi Digital**"). As Shenqi Digital was not listed before 31 December 2025, the Investors were entitled under the relevant agreement to exercise, and did separately exercise, their respective Put Options on 14 January 2026 and 16 January 2026, pursuant to which DC Software was required to purchase all or part of the equity interests respectively held by the Investors in Shenqi Digital. For further information about the exercise of the Put Options, please refer to the announcements of the Company dated 14 January 2026 and 16 January 2026.

As set out in the announcements of the Company dated 30 January 2026 and 30 March 2026, Digital China Software Co., Ltd, an indirect wholly-owned subsidiary of the Company, disposed of an aggregate of 12,764,026 DCITS Shares, representing approximately 1.31% of the entire share capital of DCITS, of which 9,609,100 DCITS Shares were disposed of by way of centralized bidding and 3,154,926 DCITS Shares were disposed of by way of block trade, representing approximately 0.98% and 0.32% of the entire share capital of DCITS, respectively. Following the disposal of the disposed DCITS Shares, DCITS remains as a subsidiary of the Company.

Save as disclosed above, no significant event of the Group occurred after 31 December 2025 and up to the date of this report.

Human Resources and Remuneration Policy

As at 31 December 2025, the Group had 21,936 full-time employees (31 December 2024: 19,268). The majority of these employees work in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. The Group has recorded an increase by 13.57% in staff costs to approximately RMB4,401 million for the year ended 31 December 2025 as compared to approximately RMB3,875 million of the last financial year. In order to attract and retain a high caliber of capable and motivated workforce, the Company offers share-based incentive schemes to staff based on the individual performance and the achievements of the Company's targets. The Group is committed to providing its staff with various in-house and external training and development programs.

The remuneration of the directors and senior management are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each director and senior management member as well as their individual performance.

Management Discussion and Analysis

Update on the use of proceeds from the Rights Issue

In September 2017, the Company completed a rights issue (the "**Rights Issue**") and raised funds of approximately RMB1,149 million. The table below set out the use of net proceeds (the "**Net Proceeds**") from the Rights Issue:

Intended use of the net proceeds from the Rights Issue	Net proceeds RMB'million	Utilised amount as at 1 January 2025 RMB'million	Actual application for the year ended 31 December 2025 RMB'million	Unutilised amount as at 31 December 2025 RMB'million	Expected to be utilised by 31 December 2026 RMB'million
(i) Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified	664	(454)	–	210	210
(ii) Repayment of debt and interest expenses					
(a) Repayment of principal and interest expenses to Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) due in October 2017	160	(160)	–	–	–
(b) Repayment of principal and interest expenses to Western Securities Co., Ltd. (西部證券股份有限公司) due in October 2017	250	(250)	–	–	–
(iii) General working capital purposes	75	(75)	–	–	–
Total	1,149	(939)	–	210	210

Note: As at the date of this report, the Healthcare Big Data Investment is still at its preliminary discussion stage and no legally binding agreement has been entered into by the Group.

The Company does not have any intention to change the purposes of the Net Proceeds as set out in the Rights Issue prospectus dated 23 August 2017, and will gradually utilise the unutilised amount of the Net Proceeds in accordance with the intended purposes mentioned above. As at 31 December 2025, an aggregate of RMB939 million has been utilised from the Net Proceeds.

As at 31 December 2025, the unutilised Net Proceeds from the Rights Issue amounted to approximately RMB210 million. During the Reporting Period, due to the slow pace of macroeconomic recovery, the investment atmosphere was relatively sluggish, and the management of the Company became more cautious in investing in mergers and acquisitions. Therefore, the unutilised Net Proceeds had not been utilised in full as at 31 December 2025.

Given the lingering market uncertainties and the time required for the restoration of investment confidence, it is expected that the unutilised Net Proceeds would not be fully utilised by 30 June 2026. All of such unutilised Net Proceeds will be utilised for financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified. It is expected that the unutilised Net Proceeds will be fully utilised by 31 December 2026.

For further details of the Rights Issue, please refer to the announcements of the Company dated 21 July 2017, 24 August 2017 and 15 September 2017, the rights issue prospectus dated 23 August 2017 and the annual reports of the Company for the year ended 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 of the Company.

Biographical Details of Directors, Senior Management & Company Secretary

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mr. GUO Wei

Mr. GUO Wei, aged 63, is the Chairman, Chief Executive Officer and an Executive Director of the Group and is responsible for the strategic development and the overall business management of the Group. Mr. Guo had been the Vice Chairman, the President and the Chief Executive Officer of the Group since February 2001 and was appointed as the Chairman of the Group in December 2007. In June 2018, Mr. Guo was re-appointed as the Chief Executive Officer of the Group. He is also a director of certain subsidiaries and associates of the Company. Mr. Guo obtained a Master's Degree from the Graduate School of the Chinese Academy of Science (formerly known as Graduate School of the University of Science and Technology of China) in 1988. He joined the Legend group in 1988 and was once an Executive Director and Senior Vice President. Mr. Guo was awarded such major prizes included China's Top Ten Outstanding Youths (2002), 求是傑出青年成果轉化獎 (Practical and Outstanding Youth of Achievement) (2002) by the China Association for Science and Technology, China's Top Ten Outstanding Youths in Technology Innovation (1998), Future Economic Leader of China (2003), and the First Annual China Young Entrepreneurs Creative Management Golden Honor (2005). He was also selected as of the 50 Most Powerful Business People in China by Fortune Magazine (Chinese version) in 2011 and 2012.

Mr. Guo is currently the Chairman, the member of the Strategic Committee and the member of the Nomination Committee of Digital China Information Service Group Company Ltd. (formerly known as Digital China Information Service Company Ltd.) and the Chairman, the Chairman of the Strategic and ESG Committee and the member of the Nomination Committee of Digital China Group Co., Ltd. (formerly known as Shenzhen Shenxin Taifeng Group Co., Ltd.) (both listed on The Shenzhen Stock Exchange). Mr. Guo has been appointed as independent non-executive director since 30 April 2021 and is currently the Chairman of the Remuneration and Assessment Committee, the member of the Strategic and Investment Committee, the member of the Audit and Risk Management Committee and the member of the Aviation Safety Committee of China Southern Airlines Company Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange). In addition, he is a Director of Kosalaki Investments Limited which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Guo was a Non-executive Director of HC GROUP INC. (formerly known as HC International, Inc.) (listed on the Main Board of The Stock Exchange of Hong Kong Limited), an Independent Director of Shanghai Pudong Development Bank Co., Ltd. (listed on The Shanghai Stock Exchange), a Director of DIGIWIN CO., LTD. (formerly known as DigiWin Software Co., Ltd.) (listed on the ChiNext of The Shenzhen Stock Exchange). Besides, Mr. Guo was a member of the 4th Advisory Committee for State Informatization and Vice Chairman of Digitalized China Industry Development Alliance. He was a Standing Committee Member of the 11th & 12th National Committee of the Chinese People's Political Consultative Conference, the Chairman of Beijing Informatization Association and the Chairman of the 6th Council of China Non-Governmental Science Technology Entrepreneurs Association, the Chairman of China Smart City Industry Technology Innovation Strategic Alliance and other social positions. He has over 38 years of experience in business strategy development and business management.

Biographical Details of Directors, Senior Management & Company Secretary

VICE CHAIRMAN
AND EXECUTIVE DIRECTOR

Mr. LIN Yang

Mr. LIN Yang, aged 59, has been an Executive Director since February 2001 and the Vice Chairman of the Group since June 2018. He is also a director of certain subsidiaries of the Company. Mr. Lin graduated in 1988 with a Bachelor's Degree in Computing Communications from the Xidian University and in 2005 with a Master's Degree in Business Administration from Cheung Kong Graduate School of Business. He joined the Group in February 2001 and was previously the Executive Vice President and the President of the Group and was also the Chief Executive Officer of the Group from April 2011 to June 2018. Mr. Lin was the Vice Chairman, Director and a member of the Audit Committee of Digital China Information Service Group Company Ltd. (listed on The Shenzhen Stock Exchange) from January 2014 to April 2018. He joined the Legend group in 1990 and has over 35 years of management experience in IT business. Mr. Lin was awarded the Lifetime Achievement Award by the IT Channel Elite Panel in 2001 and recognised as the Most Influential Figure in IT Distribution of 20 Years in 2005. In 2013, he was also selected as one of the Leaders of the Year 2012 of the China Information Industry and Top-10 Annual Icons of the Year 2012 of Zhongguancun. Besides, Mr. Lin was the Director of IT Channel Profession Council, under the MIIT (Ministry of Industry and Information Technology).

Biographical Details of Directors, Senior Management & Company Secretary

PRESIDENT,
CHIEF OPERATING OFFICER
AND EXECUTIVE DIRECTOR

Mr. CAI Yinghua

Mr. CAI Yinghua, aged 47, has been an Executive Director since 28 November 2025, and being the President and Chief Operating Officer of the Group since 18 September 2024, responsible for overseeing the overall operation of the Group. He is currently a non-independent director of Digital China Information Service Group Company Ltd. (listed on the Shenzhen Stock Exchange) and also a director of a subsidiary of the Company. Mr. CAI previously held positions of regional president and business line president in large ICT companies, as well as global chief commercial officer and global sales president in a large Internet company. Mr. CAI majored in computer science and software and holds an EMBA from School of Economics and Management and has profound industry insights and extensive management experience in enterprise-level IT and digital transformation, as well as enterprise marketing and operations management. Mr. CAI currently serves as chief advisor for general AI software and AI infrastructure of the Parallel Software and Computational Science Laboratory of the Institute of Software Chinese Academy of Sciences.

NON-EXECUTIVE DIRECTOR

Ms. CONG Shan

Ms. CONG Shan, aged 43, has been appointed as a non-executive Director of the Company on 30 August 2022. Ms. CONG serves as the vice general manager of Guangzhou City Investment Co., Ltd. and a director of Guangzhou New Town Construction Investment Development Co., Ltd. In addition, Ms. CONG was appointed as legal representative and Chairman of Guangzhou Ruiyuan Investment Co., Ltd. on 23 November 2023. All the three companies are subsidiaries of Guangzhou City Infrastructure Investment Group Limited ("**GZ Infrastructure**"). Ms. CONG received a Bachelor of Science Degree from Harbin Normal University in 2006 and a Master's Degree in Engineering from Beihang University in 2013.

Ms. CONG has served several state-owned conglomerates and listed technology companies and has had nearly 19 years' experience in corporate management and large-scale engineering projects since 2006. During this period, she was responsible for chip technology, aerospace engineering, etc. In addition, Ms. CONG has established several companies engaging in asset management, research and development, investment and other businesses. In recent years, she has been focusing on investment projects related to emerging industries.

Biographical Details of Directors, Senior Management & Company Secretary

NON-EXECUTIVE DIRECTOR

Mr. LIU Jun Qiang

Mr. LIU Jun Qiang, aged 46, has been appointed as a non-executive Director of the Company on 28 March 2024. Mr. Liu is currently the deputy general manager of Guangzhou City Investment Co., Ltd. ("**GZ Investment**"), and the general manager of Greater Bay Area Culture Industrial Investment Fund Management Co., Ltd. ("**GBA Investment Fund**") and the director of Guangzhou Industrial Investment Fund Management Co., Ltd. ("**GZ Industrial Fund**"), both GZ Investment, GBA Investment Fund and GZ Industrial Fund are subsidiaries of GZ Infrastructure. Mr. Liu obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics in 2002 and a master's degree in business administration from Jinan University in 2008.

Mr. Liu has 23 years of experience in corporate management and investment since 2002. During this period, Mr. Liu was responsible for the work of smart city investment operations, investment management and human resources.

Biographical Details of Directors, Senior Management & Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. LIU Yun, John

Dr. LIU Yun, John, aged 62, has been an Independent Non-executive Director of the Company since 25 March 2014. Dr. Liu is currently the Advisor to CEO and was an Independent Director of Pixelworks, Inc., a NASDAQ-listed company (NASDAQ: PXLW) from September 2022 to January 2026. He was the board member of the Board of Directors of dormakaba Holdings AG (whose shares are listed in the SIX Swiss Exchange) from October 2020 to October 2024, the CEO of Shenzhen Afiniti Technology Co. Ltd., the board member of the Board of Directors and the Chief Executive Officer of VOSS (an international bottled water brand) and the Chief Advisor of Reignwood Holdings Pte Ltd. (Singapore). He was the Vice President and Chief Operating Officer of Wanda Internet Technology Group from March 2017 to May 2018, an Independent Non-Executive Director of ARM Holdings Plc. (listed on the London Stock Exchange) from December 2014 to September 2016 and a Senior Vice President of Greater China Field Division of Conservation International from June 2016 to September 2016. He was also the Chief Business Officer of Qihoo 360 Technology Co. Ltd. from January 2014 to August 2015. Prior to that, he held senior positions in various renowned companies in the communication or networking or software arena as follows: Corporate Vice President and Head of Greater China of Google Inc. from 2008 to 2013; Chief Executive Officer, China Operations of SK Telecom Co., Ltd. from 2002 to 2007; General Manager, Greater China of FreeMarkets Inc. from 2000 to 2002; Chief Executive Officer, China Operations of SITA Communication from 1999 to 2000; General Manager, Telecommunication Group of The Lion Group from 1997 to 1999 and Country Director, Greater China of Singapore Telecommunications Limited from 1994 to 1997.

Dr. Liu graduated from Beijing Normal University with a Bachelor's Degree in Mathematics in 1983 and obtained his Ph.D in Telecommunications Network Management from Technical University of Denmark in 1997. In 2011, Dr. Liu undertook a Senior Executive Program of Harvard Business School.

Biographical Details of Directors, Senior Management & Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. KING William

Mr. KING William, aged 60, has been an Independent Non-executive Director of the Company since 29 June 2018. Mr. King is a senior advisor and adjunct professor at the Hong Kong University of Science and Technology, MBA program. He was the Managing Director of Russell Reynolds Associates, Hong Kong from October 2018 to December 2019 and a partner at Egon Zehnder International Company Limited, a global executive search firm, from January 2007 to May 2016. Prior to that, Mr. King held several leadership roles with some of the global technology companies as follows: Chief Operating Officer at eBay China from April 2005 to November 2006, General Manager of AT&T Greater China from August 2002 to April 2005, Director of Telecommunications and Media at Credit Suisse First Boston (CSFB), Hong Kong from September 2001 to April 2002, Head of Corporate Planning and Development at Hong Kong Telecom and PCCW from September 1999 to September 2001; Senior Associate at Booz Allen & Hamilton from 1995 to September 1999 and Senior Systems Consultant with IBM Corporation in the US from February 1988 to July 1993.

Mr. King received a Bachelor of Science Degree in Electrical Engineering from University of Michigan and MBA with Finance major from the Wharton School of Business at the University of Pennsylvania.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. GUO Song

Dr. GUO Song, aged 52, has been appointed as an independent non-executive Director of the Company on 19 August 2024. He has been a professor at the Department of Computer Science and Engineering of the Hong Kong University of Science and Technology since August 2023. He was a professor at the Department of Computing of the Hong Kong Polytechnic University from July 2016 to August 2023; From October 2007 to July 2016, he served as an Associate Professor, Senior Associate Professor and Professor at the School of Computer Science and Engineering of the University of Aizu, Japan; From September 2006 to August 2007, he served as an Assistant Professor at the Department of Computer Science of the University of Northern British Columbia, Canada.

Dr. Guo is an internationally renowned scholar in the field of distributed computing and artificial intelligence. He has been a Fellow of the Canadian Academy of Engineering since 2021, a Foreign Member of the European Academy of Sciences since 2022, a Fellow of the Institute of Electrical and Electronics Engineers since 2020, a Fellow of the Asia-Pacific Artificial Intelligence Association since 2021, and Clarivate Analytics Highly Cited Scientist since 2020.

Dr. Guo graduated from Huazhong University of Science and Technology with a Bachelor's Degree in computer science in July 1995, a Master's Degree in computer engineering from Beijing University of Posts and Telecommunications in July 1998, and a PhD degree in computer science from the University of Ottawa, Canada in March 2006.

Biographical Details of Directors, Senior Management & Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. CHAN Wai Hong, Michael

Mr. CHAN Wai Hong, Michael, aged 62, has been appointed as an independent non-executive Director of the Company on 19 August 2024. He had worked in international accounting firms for over 30 years and has substantial experience in auditing, corporate internal control and governance, corporate initial public offerings, acquisition and restructuring.

Mr. Chan was a Certified Public Accountant (Practising) in PricewaterhouseCoopers — Hong Kong ("**PwC HK**") and has served as an assurance partner of both PwC HK and of PricewaterhouseCoopers Zhong Tian LLP ("**PwC CN**"), Shenzhen Branch from July 2007 until his retirement in June 2024.

Mr. CHAN obtained an Honors Degree of Bachelor of Arts majoring in Accountancy in November 1992 and a Master's Degree in Business Administration in October 2001, both conferred by City University of Hong Kong. Mr. Chan was admitted as a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants in 2003 and 1999, respectively.

Biographical Details of Directors, Senior Management & Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. LI Jing

Dr. LI Jing, aged 48, has been appointed as an independent non-executive Director of the Company on 19 August 2024. She has been an associate accounting professor (with tenure) at the University of Hong Kong since July 2016. She held an academic position as an assistant professor in accounting at the Tepper School of Business at the Carnegie Mellon University from September 2009 to July 2016 prior to joining the University of Hong Kong. She obtained her Bachelor's Degree in economics (major in accounting) and a Master's Degree in management (major in accounting), both conferred by Tsinghua University in July 1999 and July 2002, respectively. She received her PhD degree in accounting from Columbia University in October 2009.

Dr. Li focuses on the research of the role of accounting information and corporate disclosures in mitigating information asymmetry and resolving agency conflicts in settings such as debt financing, executive compensations and corporate takeovers. Her recent work has appeared in top academic journals including the Journal of Accounting and Economics, The Accounting Review, Contemporary Accounting Research, and Review of Accounting Studies. Dr. Li has taught Financial Accounting, Valuations Using Financial Statements, and Fundamental Analysis of Financial Institutions.

CHIEF FINANCIAL OFFICER


Ms. ZHANG Yunfei

Ms. ZHANG Yunfei, aged 53, is the chief financial officer of the Group and is responsible for the financial management of the Group, including financial planning and control, budgeting, accounting and reporting, and corporate finance. Ms. Zhang is also director of subsidiaries of the Company. Ms. Zhang holds a bachelor's degree in economics from Guanghua School of Management, Peking University, and a master's degree in business administration from China Europe International Business School and has extensive professional skills and management experience in business management, financial management and capital operations.

Ms. Zhang joined Lenovo Technology Ltd. in 1997, and has served as deputy general manager of Digital China's Business Management Department, general manager of Digital China (Jinan) Co., Ltd., deputy general manager of Digital China Technology Limited, general manager of the finance department of Digital China Holdings Limited, CFO of Digital China Group Co., Ltd., director of Beijing Digitone Telecom Co., Ltd., director of DigiWin Software Co., Ltd., director, secretary of the board, CFO, and vice president of Digital China Information Service Group Company Ltd. Ms. Zhang has served as chief financial officer of the Group since 18 September 2024.

Biographical Details of Directors, Senior Management & Company Secretary

COMPANY SECRETARY

Mr. WONG Chi Keung

Mr. WONG Chi Keung, aged 59, is the Company Secretary of the Company and also a director of certain subsidiaries of the Company. Mr. Wong is mainly responsible for the financial reporting and listing issues of the Group. Mr. Wong graduated from The University of Hong Kong with a Bachelor's Degree in Social Sciences and is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wong was a Non-executive Director and a member of the Remuneration Committee of HC International, Inc. (listed on the Main Board of The Stock Exchange of Hong Kong Limited). Previously, Mr. Wong worked for Ernst & Young, an international accounting firm, for 6 years. Mr. Wong has over 33 years of experience in financial management and corporate administration.

Corporate Governance Report

The Group is committed to promote the highest standards of corporate governance and to maintain sound and well-established corporate governance practices so as to enhance its transparency, accountability and corporate value to the shareholders of the Company (the "**Shareholders**").

The Company abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "**Code Provision(s)**") set out in the "Corporate Governance Code" (the "**Code**") contained in Part 2 of Appendix C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2025 (the "**Reporting Period**"), except the following deviations from certain Code Provisions with considered reasons as given below:

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

Mr. GUO Wei, the Chairman of the board of directors of the Company (the "**Board**") has been taking up the dual role as Chairman of the Board and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable the consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

Code Provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the amended and restated bye-laws of the Company adopted on 28 June 2023 (the "**New Bye-Laws"**), at each annual general meeting one-third of the directors of the Company (the "**Directors**") for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office, save that the Chairman of the Board or the Managing Director shall not, whilst holding such office, be subject to retirement by rotation. Therefore, Mr. GUO Wei, the Chairman of the Board, shall not be subject to retirement by rotation. Given the existing number of Directors, not less than one-third of the Directors are subject to retirement by rotation at each annual general meeting, by which each Director (other than the Chairman of the Board) will retire by rotation once every three years at the minimum.

Code Provision C.3.3 stipulates that directors should clearly understand delegation arrangements in place. Listed company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

The Company has not entered into any written letter of appointment with any of its non-executive Directors or independent non-executive Directors and their terms of office are not subject to a fixed term of service. However, the Board recognises that (i) the relevant Directors have already been subject to the laws and regulations applicable to directors of a company listed on the Stock Exchange, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its Shareholders; (ii) all of them are well established in their professions and/or currently hold or have held directorships in other listed companies; and (iii) the current arrangement has been adopted by the Company for years and has proved to be effective. Therefore, the Board considers that the relevant Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

* *The amendments to the Code Provision effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company commencing on or after 1 July 2025. For this report, the Company shall refer to the then effective Code Provisions.*

Corporate Governance Report

CORPORATE CULTURE AND VALUES

The Board endeavors to promote a strong performance culture in the Group to maintain a long-term business. Our corporate culture values high degree of integrity, collaboration, innovation, growth, communication, sound management and moral conduct. The Board believes that such values are vital to ensure services provided by the Group continue to meet the needs of its clients and foster sustainable relationships with business partners. This culture allows us to attract and retain talent and clients and, ultimately, create value for shareholders of the Company.

For detailed information about the company's vision and mission, please refer to the Environmental, Social and Governance Report of the Company for the year ended 31 December 2025, which is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dcholdings.com).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct for Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

BOARD OF DIRECTORS

Composition

As at the end of the Reporting Period, the Board comprised ten Directors, including three Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. To the best knowledge of the Company, the Board members have no financial, business, family or other material/relevant relationships with each other.

On 28 November 2025, Mr. CAI Yinghua was appointed as Executive Director. Further information regarding the appointment of Mr. CAI Yinghua is set out in the Report of the Directors at page 54 of this annual report.

The Board has a coherent framework with clearly defined responsibilities and accountabilities to safeguard and enhance shareholder values and provide a robust platform to realize the strategy of the Group.

Biographical details of the Directors are set out under the heading "**Biographical Details of Directors, Senior Management and Company Secretary**" on pages 25 to 36 of this annual report.

Role and Function

The Board takes responsibility for the formulation of the overall strategy and the leadership and control of the Group such as the Group's long term objectives and strategies, the approval of the Group's corporate and capital structure, financial reporting and controls, internal controls and risk management, material contracts, communication with the Shareholders, the Board membership and other appointments, remuneration of Directors and other key senior management, delegation of authority to Board committees and corporate governance matters. Senior management are responsible for the supervision and management of the daily operations of the Group and the implementation of the plans approved by the Board and report to the Board.

During the Reporting Period, an annual general meeting was held and the Board held four regular Board meetings at approximately quarterly intervals where the Directors attended the Board meetings either in person or by means of electronic communication.

Independent views available to the Board

To ensure independent views and input are available to the Board, the following mechanisms are implemented:

1. The Board requires that Independent Non-executive Directors provide written confirmation as to the factors affecting their independence provided under the Listing Rules.

2. In recruiting Independent Non-executive Directors, the Nomination Committee shall assess if the candidate(s) would be independent with reference to the relevant guidelines set out in the Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships and significant links with other Directors, time commitment, professional qualifications and relevant work experience.

3. The Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the Company's Board diversity policy ("**Board Diversity Policy**") and measurable objectives to achieve Board diversity, on an annual basis.

4. The Directors may seek advice from external independent professional advisors at the Company's expense to perform their duties.

5. The Board shall also ensure that further re-appointment of any Independent Non-executive Director who has served on the Board for more than nine years is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company.

Appointments and Re-election

The Board is empowered under the New Bye-Laws to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Only the qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their reputation for integrity, professional qualifications, experience and their possible contribution to the Group.

As disclosed above, neither Independent Non-executive Directors nor non-Executive Directors have entered into written letters of appointment with the Company. However, the relevant Directors have already been subject to the laws and regulations applicable to directors of a company listed on the Stock Exchange, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its Shareholders. Also, the terms of their appointment are governed by the retirement requirements and procedures set out in the New Bye-Laws.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed five Independent Non-executive Directors, one of whom has appropriate professional qualifications or accounting or related financial management expertise.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers all the Independent Non-executive Directors to be independent.

Mr. CHAN Wai Hong, Michael ("Mr. CHAN")

The Nomination Committee and the Board noted that, prior to his appointment as an Independent Non-executive Director on 19 August 2024, Mr. CHAN was Certified Public Accountant (Practising) in PricewaterhouseCoopers — Hong Kong ("**PwC HK**") and had served as an assurance partner of both PwC HK and PricewaterhouseCoopers Zhong Tian LLP ("**PwC CN**"), Shenzhen Branch from July 2007 until his retirement in June 2024, and that PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch ("**PwC BJ**"), a branch office under PwC CN, was engaged by a member of the Group to provide tax advisory services (including conducting regular tax training, providing updates on relevant tax policies and provision of general advices on tax-related matters) (the "**Tax Services**") for a period of one year commencing February 2024.

Having considered that (i) the provision of Tax Services was led by partners of PwC BJ. Whilst Mr. CHAN is a former partner of PwC CN, and PwC BJ is a branch office under PwC CN, he has never been involved in the provision of any services (including the Tax Services) delivered to the Group by PwC BJ; (ii) the fees for the Tax Services amounted to RMB150,000 only, which were not material to the Group or PwC BJ; (iii) other than the provision of the Tax Services, during the two years immediately prior to the date of Mr. CHAN's appointment, none of PwC HK, PwC CN or PwC BJ has provided services to the Company, its holding company or any of their respective subsidiaries or core connected persons; and (iv) Mr. CHAN no longer has any existing relationship with, nor any interest (financial, shareholding or otherwise) in, PwC HK or PwC CN since his retirement in June 2024; and (v) the Board believes that Mr. CHAN would be able to exercise his own professional judgment and draw upon his extensive accounting knowledge and audit experience in providing external and constructive feedback to the Board, and would be capable of exercising judgment independently and free from any undue influence, the Board and the Nomination Committee are satisfied that Mr. CHAN is independent and fulfills the independence requirements under Rule 3.13 of the Listing Rules. Save as aforesaid, Mr. CHAN has confirmed that he is independent as regards the other factors set out in Rule 3.13 of the Listing Rules.

Taking into account of all the circumstances described above, the Board and the Nomination Committee are of the view that Mr. CHAN has satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules.

Dr. LIU Yun, John ("Dr. LIU")

Dr. LIU has been serving as an Independent Non-executive Directors for more than nine years. During his tenure as an Independent Non-executive Director, Dr. LIU has been contributing to the development of the Company's strategy and policies through providing independent, balanced and objective advice. Dr. LIU has never been involved in the daily management of the Company and did not have any relationships or circumstances which would otherwise interfere with the exercise of his independent judgment. Taking into account of all the circumstances described above, the Board and the Nomination Committee consider that Dr. LIU is independent based on the factors set out in Rule 3.13 of the Listing Rules notwithstanding the length of his service.

Relationship

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relationships) between each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. GUO Wei, the Chairman of the Board, has been taking up the dual role as Chairman and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

COMPANY SECRETARY

The Company Secretary, whose appointment was approved by the Board, plays an important role in supporting the Board for ensuring good information flow within the Board and ensuring that the Board policy and procedures are followed. He is responsible for advising the Board on general duties and obligations of Directors and good corporate governance issues, and has facilitated induction and professional development of the Directors. He has day-to-day knowledge of the Company's affairs. During the Reporting Period, the Company Secretary had duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee was established on 14 May 2001 with specific written terms of reference. The Audit Committee comprises three members and all of them are Independent Non-executive Directors. The Audit Committee is currently chaired by Mr. CHAN Wai Hong, Michael (who possesses the appropriate professional qualification, accounting and related financial management expertise), with Mr. KING William and Dr. LI Jing as members.

The latest Terms of Reference for Audit Committee adopted by the Board was effective on 21 December 2018 and is available on the websites of the Stock Exchange and the Company respectively.

The Audit Committee assists the Board in carrying out its oversight responsibilities in relation to financial reporting, risk management and internal control, and in maintaining a relationship with external auditors.

The Audit Committee is responsible for, among others, the following:

(i) monitoring the integrity of the financial statements of the Group;

(ii) reviewing the Group's financial controls, risk management and internal control systems;

(iii) reviewing the Group's financial and accounting policies and practices;

(iv) reviewing and monitoring the effectiveness of the Group's internal audit function and ensuring coordination between the internal and external auditors; and

(v) performing the Group's corporate governance function delegated by the Board.

Corporate Governance Function

Under the Terms of Reference for Audit Committee now in place, the Audit Committee has been delegated by the Board to perform the following corporate governance functions:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the Code and the disclosure in this report as set out under Appendix C1 of the Listing Rules.

During the Reporting Period, the Audit Committee held two meetings where the members attended either in person or by means of electronic communication.

For the Reporting Period, the Audit Committee has reviewed with the senior management and the external auditor of the Company (the "**Auditor**") their respective audit findings, the half-yearly and annual financial results before recommending them to the Board for consideration and approval, the accounting principles and practices adopted by the Group, legal and regulatory compliance, and reviewed the auditing, internal control, risk management, internal audit and financial reporting systems. The Board has, through the Audit Committee, conducted regular reviews on the effectiveness of the internal control and risk management systems of the Group and discussed matters related to corporate governance function during the Reporting Period.

For the corporate governance function, during the Reporting Period, the Audit Committee has reviewed the corporate governance policies of the Company and made corresponding recommendations to the Board, and reviewed the policies and practices on compliance with legal and regulatory requirements, monitored the training and continuous professional development of Directors and senior management, the code of conduct applicable to Directors and relevant employees of the Group and the Company's compliance with the Code and disclosure in this corporate governance report.

The Audit Committee has no disagreement with the Board on the re-appointment of the Auditor.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee was established on 31 August 2006 with specific written terms of reference. The Remuneration Committee comprises three members and majority of them are Independent Non-executive Directors. The Remuneration Committee is currently chaired by Dr. LIU Yun, John, with Mr. LIN Yang and Mr. KING William as members.

The latest Terms of Reference for Remuneration Committee re-adopted by the Board was effective on 11 October 2022 and is available on the websites of the Stock Exchange and the Company respectively.

The Remuneration Committee assists the Board to assess and make recommendations on the compensation policy and compensation packages for the Directors and senior management.

The Remuneration Committee is responsible for, among others, the following:

(i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and

(ii) making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, which includes benefits in kind, pension rights and compensation payments and on the remuneration of Non-executive Directors.

During the Reporting Period, the Remuneration Committee held one meeting where the members attended either in person or by means of electronic communication.

During the Reporting Period, the Remuneration Committee reviewed the remuneration structure and packages of the Directors and senior management and the current remuneration packages of the Directors and senior management and recommended the Board to approve their respective packages and reviewed matters relating to share schemes of the Company under Chapter 17 of the Listing Rules.

Details of the Directors' emoluments for the Reporting Period are set out in note 9 to the financial statements.

The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

REMUNERATION OF SENIOR MANAGEMENT OF THE GROUP

Pursuant to code provision E.1.5 of the Code, the remuneration of the senior management of the Group by band for the year ended 31 December 2025 is set out below:

Remuneration bands	**Number of person(s)**
RMB1,000,001 to RMB2,000,000	1

NOMINATION COMMITTEE

The Nomination Committee was established on 31 December 2021 with specific written terms of reference. The Nomination Committee comprises four members and majority of them are Independent Non-executive Directors. The Nomination Committee is currently chaired by Mr. GUO Wei, with Mr. LIU Yun, John, Mr. KING William and Dr. LI Jing as members.

The Terms of Reference for Nomination Committee adopted by the Board was effective on 31 December 2021 and amended on 28 November 2025 and is available on the websites of the Stock Exchange and the Company respectively.

The Nomination Committee is responsible for, among others, making recommendations on the appointment, re-appointment and succession plan of the Directors, assessing the Director's time commitment and contribution to the Board and their ability to discharge his or her responsibilities, reviewing the structure, size, composition and Board Diversity Policy and assessing the independence of Independent Non-executive Directors, as well as fulfilling the Group's corporate governance functions delegated by the Board.

The Board has adopted a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and process in relation to nomination and appointment of directors of the Company and aims to ensure the continuity of the Board and appropriate leadership at Board level.

The Nomination Policy sets out the factors for assessing the suitability of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the business and corporate strategy of the Group;
- contribution to the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- requirement for the Board to have independent directors in accordance with the Listing Rules and assessment of the independence of the candidates; and
- significant experience relevant to the business of the Group, willingness to devote sufficient time to discharge duties as a member of the Board.

When it is necessary to fill a casual vacancy or appoint an additional Director, the Nomination Committee identifies or selects candidates as recommended to the committee pursuant to the criteria set out in the Nomination Policy. Based upon the recommendation of the Nomination Committee, the Board deliberates and decides on the appointment.

During the Reporting Period, the Nomination Committee held two meetings where the members attended either in person or by means of electronic communication.

During the Reporting Period, the Nomination Committee reviewed the structure, size, composition and diversity of the Board and has reviewed the independence of the Independent Non-executive Directors and assessed the Independent Non-executive Directors' contribution. It has also reviewed the overall contribution and service made by retiring directors to the Group, the benefits of re-electing the retiring directors to the Group and considered the retiring Directors' level of participation and performance in the Board. The Nomination Committee made recommendations to the shareholders on the proposed re-election of Directors at the AGM.

Corporate Governance Report

DIRECTOR'S ATTENDANCE RECORDS AT MEETINGS

Details of the attendance of each Director at the following meetings (attended/held) during the Reporting Period are set out below:

Board members	Committee members			Number of meetings attended/held				
	Audit Committee	Remuneration Committee	Nomination Committee	Board Meeting Regular	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors								
GUO Wei (Chairman and Chief Executive Officer)	–	–	Chairman	4/4	N/A	N/A	2/2	1/1
LIN Yang (Vice Chairman)	–	Member	–	4/4	N/A	1/1	N/A	1/1
CAI Yinghua (President and Chief Operating Officer) *(Note 2)*	–	–	–	1/1	N/A	N/A	N/A	0/0
Non-executive Directors								
CONG Shan	–	–	–	4/4	N/A	N/A	N/A	1/1
LIU Jun Qiang	–	–	–	3/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors								
LIU Yun, John	–	Chairman	Member	4/4	N/A	1/1	2/2	1/1
KING William	Member	Member	Member	4/4	2/2	1/1	2/2	1/1
GUO Song	–	–	–	3/4	N/A	N/A	N/A	1/1
CHAN Wai Hong, Michael	Chairman	–	–	4/4	2/2	N/A	N/A	1/1
LI Jing *(Note 3)*	Member	–	Member	4/4	2/2	N/A	0/0	1/1

Notes:

(1) The attendance represents actual attendance/the number of meetings a director is entitled to attend.

(2) Mr. CAI Yinghua has been appointed as Executive Director on 28 November 2025.

(3) Dr. Li Jing was appointed as a member of the Nomination Committee on 28 November 2025, and no meetings of the Nomination Committee had been held during her tenure as a committee member during the Reporting Period.

DIRECTOR INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Newly appointed Directors will receive comprehensive induction on appointment to ensure understanding of the directors' responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also organises and arranges seminars for and/or provides relevant reading materials to Directors to help ensure they are apprised of the roles, functions and duties of being a director of a listed company and the development of their knowledge on the regulatory updates whenever necessary or appropriate.

During the Reporting Period and up to the date of this annual report, the Company has provided training materials for all the then Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Company has received the records of training from all those Directors.

BOARD DIVERSITY POLICY

The Company is committed to promoting diversity among the Board and has adopted a board diversity policy (the "**Board Diversity Policy**") effective on 20 August 2013. The Board Diversity Policy outlines the Board's commitment to fostering a corporate culture that embraces diversity and, in particular, focuses on its composition.

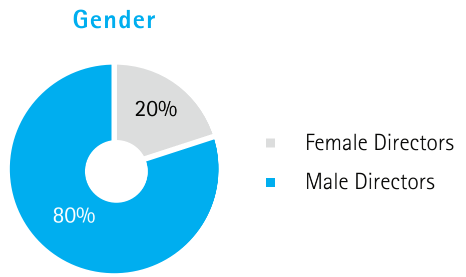
The Company, recognising and embracing the benefits of having a diverse Board, values increasing diversity at Board level which is perceived to be an essential element in achieving a sustainable and balanced development of the Company. In determining the Board composition that best suits the Company, a wide spectrum of aspects, including but not limited to gender, age, ethnicity and cultural background, skills, regional and industry experience, professional experience, length of service and other qualities of directors will be considered. All Board appointments shall be made on the basis of meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and business needs of the Company.

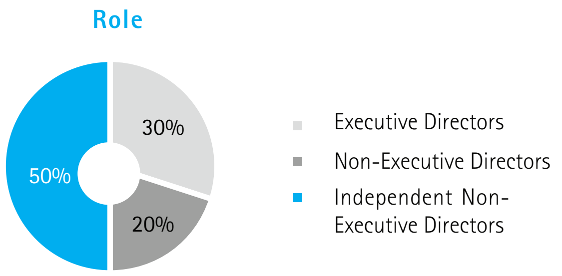
The Board is commissioned to monitor the implementation of the Board Diversity Policy and has the primary responsibility for identifying the suitably qualified candidates to the Board with regard to the Board Diversity Policy.

The Board is characterised by significant diversity, whether considered in terms of age, cultural and educational background, professional expertise and skills. The Board endeavours to steer forward and ensure that the Board has a balance of skills, experience and diversity of aspects appropriate to the requirements of the Company's business.

As at the end of the Reporting Period, the diversity of the Board is shown in the following graphic illustrations. Out of the ten Directors comprising the Board, two of them are female. Two of the ten Directors are Non-executive Directors and five of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process.

Diversity of the Board as at the end of the Reporting Period





The Board is satisfied with the diversity of the Board in view of the development and business needs of the Company. The Nomination Committee also considered that the Board was sufficiently diverse in term of gender and targeted to maintain the existing level of gender diversity. The Nomination Committee will regularly review the measurable objectives for achieving diversity of the Board.

While the Group recruits employees at all levels based on merits, it recognizes the importance of gender diversity and will continue to search for potential candidates to ensure there is a pipeline of male and female potential successors to the Board and the senior management.

WORKFORCE GENDER DIVERSITY

Set forth below are the gender ratio in the Group's workforce in 2025 and 2024:

2025	**Male**	**Female**
Workforce (including senior management)	76.4%	23.6%

2024	Male	Female
Workforce (including senior management)	75%	25%

The Company recognises the importance of maintaining gender diversity and recruits employees at all levels based on merits. In 2025, the proportion of female employees in the Group's workforce was 23.6% (2024: 25%). Based on the existing composition of workforce and the nature of the information technology industry which is male workforce intensive, in order to enhance the gender diversity across the workforce of the Group, the Group has set a target to increase the proportion of female employees to one third. Such target shall be revisited based on the business development needs of the Group, expected size of each department, possible barriers and other relevant considerations.

REMUNERATION OF AUDITOR

For the Reporting Period, remuneration to the Auditor was approximately RMB2,657,000 for audit services and approximately RMB160,000 for non-audit services on review relating to the financial statements of offering and issuance of Taiwan Depositary Receipts.

RISK MANAGEMENT AND INTERNAL CONTROL

I. Risk Management and Internal Control

1. Risk Management and Internal Control Notions

An effective and adequate risk management and internal control system is important for ensuring the realisation of the Group's strategic objectives. The risk management and internal control system should uphold the effective conduct of business activities, guarantee the truthfulness and fairness of accounting records, ensure the Group's compliance with relevant laws, regulations and policies, and safeguard the assets and interests of the Shareholders.

2. Features and Effectiveness of Risk Management and Internal Control

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's risk management and internal control systems and to safeguard shareholders' interests and the assets of the Group. Such systems are designed to manage, but not to remove, the risk of failure to achieve business objectives, provide reasonable (but not absolute) assurance for freedom from material misstatements or losses, and manage, but not eliminate, the risk of material errors in the objectives of the Group. Such responsibility is primarily performed by the Audit Committee, which conducts at least once annually, on behalf of the Board, reviews on whether the Group's risk management and internal control systems in respect of risk handling, financial accounting and reporting are effective on an ongoing basis, whether its operations are effective and efficient, and whether pertinent laws and regulations have been complied with and risk management functions have been fulfilled. The Audit Committee also monitors risks associated with the Group's accounting, internal audit, finance, staff qualifications and experience, operations and compliance. The Board also understands its overall responsibility for internal control, financial control and risk management, and reviews from time to time its effectiveness in this regard.

On behalf of the Board, the Audit Committee continuously reviews the risk management and internal control system. The review procedures include, but are not limited to, listening to the reports delivered by, among others, the business management teams, the Internal Audit Department, the Compliance Management Department and the independent auditors, reviewing the various work reports and key indicator information, as well as discussing material risks with the senior management team.

For the year 2025, the Board is of the opinion that the Group's risk management and internal control system was both effective and adequate. Besides, the Board believes that the Group's accounting and financial reporting functions and Listing Rules compliance functions were performed by sufficient staff who were suitably qualified and experienced and who had received proper training and been adequately developed and that the same are effective. The Board also believes that sufficient resources were allocated to the Group's internal audit function, which was performed by sufficiently qualified and experienced staff and for which the training programmes and budget were sufficient.

II. Risk Management

1. *Three-tier protection for risk management*

In order to ensure the effectiveness of the risk management and internal control system, the Group has adopted a three-tier defense model and, under the supervision and guidance of the Board, established the organizational structure, involving Compliance Management Department and Internal Audit Department, for risk management and internal control. The optimisation and refinement of the structure are undertaken every year in view of the actual circumstances of the Group.

- **First line of defense — operations and management (directly responsible for risk prevention and control):** Mainly composed of the Group's functional and business departments at various levels; it is responsible for the day-to-day operations and management, and for the identification, assessment and control of compliance risks in business processes.

- **Second line of defense — risk management (providing professional support and monitoring for the first line of defense):** Mainly composed of the Group's Compliance Management Department; it is responsible for monitoring, analyzing and evaluating compliance risks from a professional perspective by formulating corporate compliance systems and processes, conducting systematic compliance risk assessment and providing rectification suggestions and new compliance process. As such, the second line of defense assists the first line of defense in establishing and refining the risk management and internal control system.

- **Third line of defense — independent protection (independent evaluating and monitoring the effectiveness of the first two lines of defense):** Mainly composed of the Group's Internal Audit Department; it is responsible for supervising and assessing the risk management tasks of the Group, thereby ensuring the effectiveness of the risk management and internal control system.

2. *Procedures for Identifying, Assessing and Managing Material Risks*

Below is an outline of the procedures employed by the Group for identifying, assessing and managing its material risks:

- **Risk identification and assessment:** Risks that may have a potential impact on the business and operations of the Group's various Business Units are identified, and a risk database is established and continuously updated; the assessment criteria that have been reviewed and approved by the management are used in the assessment of identified risks, during which the likelihood of their occurrence and their impact on the business are taken into account;

- **Risk-countering:** Through the comparison of risk assessment outcomes, risks are ranked by priority, and risk management strategies and internal control procedures are determined for preventing, avoiding or reducing risks; and

- **Risk monitoring and reporting:** Relevant risks are monitored on an ongoing and regular basis, and appropriate internal control procedures are guaranteed to be in place; in the event of any material change, the risk management policies and internal control procedures would be amended; and the risk monitoring results are reported to the Audit Committee and the management on a regular basis.

3. *Material Risks of the Group and Response Measures*

During the year of 2025, the Group identified and assessed its material risks by means of the aforesaid risk management processes.

The Audit Committee assisted the Board in monitoring the overall risk profile of the Group and reviews the changes in the nature and severity of the Group's material risks. The Audit Committee is of the opinion that the management has taken appropriate measures to address and manage key risks and has maintained risks at a level acceptable to the Board.

As the scale, scope and complexity of its businesses and the external environment continue to change, the Group's risk profile may be subject to change. The followings is a summary of the material risks currently faced by the Group, any changes in the material risks compared to last year, and the risk-countering measures that have been implemented.

The following table shows the top three material risks of the Group in 2025:

Rank	Risks
1	Risk relating to price
2	Risk relating to competition
3	Risk relating to relying on major customers

Compared with 2024, the top three risks in 2025 have changed: the risk relating to price has risen to first place from third place; the risk relating to competition has remained the second place; and the risk relating to relying on major customers has risen to the third place.

The analysis of changes in these material risks and the corresponding control measures taken by the Group are as follows:

- *Pricing Management*

  In 2025, intense market competition, uncertainties in the external environment, and fluctuations in exchange rates and interest rates during the period led to changes in material costs, labour costs and product costs, thereby exacerbating the volatility of overall market prices.

  The Group mitigates the adverse effects of market price volatility through the following measures:

  First, by fostering ecosystem synergy around its core businesses and through strategic investments in and/or mergers and acquisitions of high-quality upstream and downstream enterprises, the Group addressed its capability gaps, built a complete "technology + product + service" ecosystem, and established a cost advantage.

  Second, by strengthening and expanding its supplier resource pool, the Group entered into strategic cooperation agreements with leading suppliers, established a flexible switching mechanism between long-term cooperative pricing and short-term price volatility with core suppliers, and adopted a multi-party price comparison strategy to ensure relative stability in overall procurement prices.

Third, by leveraging its own technological advantages and providing customized services based on customer needs, the Group actively pursued product upgrades and service differentiation, enabling customers to fully appreciate the enhanced value, thereby improving its pricing advantage in areas such as security compliance, product performance and stability, and service response.

- *Market Competition*

With the continuous iteration of technologies and the expansion of application scenarios, big data has deeply penetrated vertical industries such as finance, manufacturing, healthcare, and government affairs. The constant emergence of new enterprises has intensified competition in the big data market.

The Group analyzes its own and competitors' capital, strategy, products and customers, fully understands the market environment and competitors' situation, so as to know ourselves. Leveraging our first-mover advantages in big data and artificial intelligence, we have continuously upgraded our AI strategy to empower core business scenarios and create differentiated competitiveness. By focusing on high-value clients and collaborating with ecosystem partners, we have refined our marketing strategies and consistently enhanced service quality. While solidifying our domestic market share, we are actively expanding into overseas markets such as Southeast Asia, thereby further strengthening the Company's comprehensive competitiveness.

In 2025, the Group turned the challenges of market competition into opportunities and, by enhancing its own strength, strategic focus and market expansion, have approximately 2,000 new customers year-on-year. The revenue from new customers accounted for 18.1% of the annual total revenue, yielding significant results.

- *Major Customer Management*

The Group's strategy for synergistic development has consistently emphasized close cooperation with major customers. However, the Group's revenue stability may be affected by fluctuations in the business climate of the industries in which these major customers operate, changes in the customers' own product life cycles, or uncertainties regarding their ability to continue as going concerns.

In response to the risk relating to relying on major customers, the Group has implemented the following proactive measures:

We continuously strengthened our opportunity management to proactively develop high-potential sales leads. By optimizing promotional channels and diversifying asset allocation, we effectively mitigated risks and reduced our reliance on any single market or customer. Guided by customer needs, we delivered comprehensive and personalized services to ensure operational stability, built a unique brand value and differentiation, and improved service quality and efficiency, driving higher satisfaction and enhancing customer stickiness. While maintaining and reinforcing existing client relationships, we have also deepened our key account strategy. Through increased policy support and resource allocation, we have cultivated multiple strategic clients, thereby diversifying the risk of over-dependence on any single major customer.

In 2025, the aggregate revenue generated from the Group's five largest customers accounted for approximately 30% of the total revenue. The risk of dependence on any single major customer remained manageable.

III. Internal Control

1. *Internal Control System*

The Group has consistently focused on the construction of its internal control system. The management of the Group is responsible for designing, implementing, and maintaining the effectiveness of, its internal control system. The Board and the Audit Committee are responsible for exercising supervision and regulation over the appropriateness and effective implementation of the internal control measures introduced by the management.

The Group's internal control system delineates the parties' management responsibilities, authorisations and approvals in relation to key actions, and lays down specific written policies and procedures regarding material business processes. The communication of such system to the staff also makes up an important component thereof. The Group's policies covering its financial, legal and operational aspects represent the management standards in relation to its various business processes, and are to be strictly implemented by each of its staff members.

The Board establishes and maintains a good internal control system through the following principal procedures:

- Establishing a reasonable and effective organization structure with clear functions, responsibilities and authority;

- Laying down stringent procedures for budget preparation and budget management; formulating business plans and financial budgets annually; rationally adjusting the organisation structure based on business planning; ensuring the effective operation of the organisation; reviewing the implementation of budgets and making reasonable adjustment based on the latest conditions;

- The Compliance Management Department — monitoring, analyzing and evaluating compliance risks from a professional perspective by formulating corporate compliance systems and processes, conducting systematic compliance risk assessment and providing rectification suggestions and new compliance process;

- The Internal Audit Department — independently assessing the comprehensibility and effectiveness of the monitoring of principal business, reporting its principal findings, with recommendations, to the Audit Committee on a half-yearly basis; and

- The Independent Auditor — for the audit of annual results, recommending ways to address some internal management areas which are correspondingly weak; the management making serious reviews, and making and submitting improvement proposals to the Audit Committee.

2. *Annual assessment of internal control*

During the Reporting Period, the Internal Audit Department adopted a risk benchmarking approach focused on key processes and controls and reported the findings of internal audit to the Audit Committee on a semi-annual basis. Through the Audit Committee, the Board reviewed the effectiveness of the Group's internal control system. The internal control system covers all material controls, including financial, operational and compliance controls, risk management functions and the adequacy of resources, staff qualifications and experience, training programmes and budgets in relation to the accounting and financial reporting functions of the Group. During the Reporting Period, the Internal Audit Department did not identify any significant deficiency in internal control.

Based on the findings of the review described above, the Board confirms, and the management has also confirmed to the Board, that the risk management and internal control system of the Group (in all material aspects including financial control, operational control and compliance control) is efficient and adequate, and has been in compliance with the provisions on risk management and internal control contained in the "Corporate Governance Code" through the year.

DISCLOSURES ON INSIDE INFORMATION

The Company's management assesses the likely impact of any unexpected and significant event that may impact the price of the shares or their trading volume and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Board is responsible for approving and authorising the Directors to issue such announcements and/or circulars.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 61 to 66 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to maintaining an on-going dialogue with the Shareholders and the investment community.

The Company has adopted a Shareholders Communication Policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders and/or potential investors mainly in the following ways: (i) the holding of annual general meeting and special general meetings ("**SGM**"), if any; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases providing updated information of the Group; (iii) the availability of latest information of the Group on the Company's website (www.dcholdings.com); and (iv) the holding of press conference(s) and meeting with investors and analysts from time to time. In addition, Shareholders may direct their enquiries or views as to any matters affecting the Group to the Company in accordance with procedures set out in the section headed "SHAREHOLDERS' RIGHTS" below.

Handling of enquiries put to the Board has also been set out in the Shareholders Communication Policy.

The Company believes that communicating with the Shareholders through its website is an efficient way of delivering information in a timely and convenient manner. Information on the Company's website will be continuously reviewed and updated to ensure that information is current, or appropriately dated and archived. Shareholders Communication Policy is subject to regular review and the Board is satisfied with its implementation and effectiveness during the Reporting Period.

SHAREHOLDERS' RIGHTS

The Company recognises the rights of Shareholders and encourages the Shareholders to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meeting. The general meeting provides an important opportunity for the Shareholders to express their views to the Board and management and to exercise the Shareholders' rights. Under the New Bye-Laws, the Shareholders have the rights to convene a SGM and put forward agenda items for consideration by the Shareholders as provided by the Companies Act 1981 of Bermuda. The New Bye-Laws have been uploaded onto the websites of the Stock Exchange and the Company respectively.

The Shareholders are encouraged to use their attendance at general meetings of the Company to ask questions about or comment on the results, operations, strategy, corporate governance and/or management of the Group. The Board members, in particular, either the Chairman, the chairman or members of the Board committees, appropriate management executives, Auditor and legal advisers, shall be available at general meetings to answer questions from the Shareholders.

Shareholders are welcomed to send enquiries and suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at general meetings. Proposals shall be sent to the Board and the Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the Shareholders for approval at the next annual general meeting or at a special general meeting to be convened by the Board, as appropriate.

Shareholders may send such correspondences to the following address via personal delivery, mail or courier to:

Digital China Holdings Limited
Investor Relations Department
31/F., Fortis Tower
77–79 Gloucester Road
Wanchai
Hong Kong

Email correspondences should be sent to dch-ir@dcholdings.com.

PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

The procedures for the Shareholders to propose a person for election as a Director are available for viewing on the Company's website.

DIVIDEND POLICY

The Company has adopted a dividend policy effective on 21 December 2018, a summary of which is set out below:

1. The Board may declare and distribute dividends to the Shareholders.

2. The Company in general meetings may declare dividends in any currency, which must not exceed the amount recommended by the Board.

3. The Board may, subject to the Company's Memorandum of Association and New Bye-Laws then in effect, make recommendation to the Shareholders on the distribution of final dividends and may from time to time pay to the Shareholders interim dividends based on the financial position of the Company. Despite the aforesaid, there is no guarantee that any particular amounts of dividends will be distributed for any specific periods.

4. The Company's ability to declare dividends will depend on, among others, the operating results and earnings, capital requirements, general financial condition, prevailing economic environment and other factors of the Company which the Board then consider relevant.

5. The Company's declaration and payment of dividends shall also comply with the Companies Act 1981 of Bermuda (as amended, supplemented or otherwise modified from time to time), the Memorandum of Association and New Bye-Laws of the Company as well as other applicable laws, rules and regulations in effect on the declaration and distribution of or otherwise in relation to dividends.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the Reporting Period, there were no changes in the New Bye-Laws of the Company.

Report of the Directors

The Directors of the Company have pleasure in presenting their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is focused on building full-stack AI service capabilities centered on computing power, data, algorithms, applications, and customized solutions, accelerating the transformation of frontier technologies into high-value business scenarios. Details of the principal activities of the principal subsidiaries of the Group are set out in note 47 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2025 and the Group's financial position as at that date are set out in the financial statements on pages 67 to 179 of this annual report.

The Board recommends the payment of a final dividend of HK 3.6 cents per ordinary share for the year ended 31 December 2025 (2024: HK6.0 cents per ordinary share), subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company. No interim dividend (2024: HK1.0 cents per share) was declared for the six months ended 30 June 2025.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 and market and business outlook are set out in the section headed "Management Discussion and Analysis" on pages 13 to 24 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report. A description of the Group's key relationships with stakeholders, environmental policies and performance and compliance with relevant laws and regulations having significant impact on the Group's business can be found in the Environmental, Social and Governance Report of the Company for the year ended 31 December 2025 (the "**ESG Report**"), which is available on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company (www.dcholdings.com).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 181 of this annual report. The five-year financial summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year ended 31 December 2025 are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year ended 31 December 2025 are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements, together with the reasons therefore, in the share capital of the Company during the year ended 31 December 2025 are set out in note 36 to the financial statements.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Act of Bermuda 1981, amounted to RMB514,990,000. In addition, the Company's share premium account, in the amount of RMB4,139,709,000 may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the amended and restated bye-laws of the Company adopted on 28 June 2023 ("**New Bye-Laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.

PERMITTED INDEMNITY PROVISION

As provided by the New Bye-Laws, every Director shall be indemnified out of the Company's assets against any liability incurred by the Director, to the extent permitted by Bermuda law. Such permitted indemnity provision has been in force throughout the year ended 31 December 2025 and was in force at the time of approval of this report. The Company has arranged appropriate directors' and officers' liability coverage for the directors and officers of the Group.

DIRECTORS

The Directors of the Company during the year ended 31 December 2025 and up to the date of this report were:

Executive Directors

Mr. GUO Wei (Chairman and Chief Executive Officer)
Mr. LIN Yang (Vice Chairman)
Mr. CAI Yinghua (President and Chief Operating Officer) *(Note)*

Non-executive Directors

Ms. CONG Shan
Mr. LIU Jun Qiang

Independent Non-executive Directors

Dr. LIU Yun, John
Mr. KING William
Dr. GUO Song
Mr. CHAN Wai Hong, Michael
Dr. LI Jing

Note: Mr. CAI Yinghua was appointed as an executive Director of the Company with effect from 28 November 2025.

In compliance with Rule 3.09D of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rule(s)**") Mr. CAI Yinghua, who was appointed as an executive Director of the Company on 28 November 2025, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 25 November 2025. Mr. CAI Yinghua has confirmed that he has understood his obligations as a director of the Company.

In accordance with Bye-Law 99 of the New Bye-Laws, Mr. LIN Yang, Mr. LIU Jun Qiang, Mr. KING William and Dr. LI Jing will retire from office by rotation. In accordance with Bye-Law 102(B) of the New Bye-Laws, Mr. CAI Yinghua who were appointed as Director with effect from 28 November 2025 will hold office until the forthcoming annual general meeting of the Company. All of the retiring Directors are eligible for re-election at the forthcoming annual general meeting of the Company.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of Changes
LI JING	• Appointed as member of the Nomination Committee with effect from 28 November 2025
LIU Yun, John	• Resigned as Independent Director of Pixelworks, Inc. and appointed as the Advisor to CEO with effect from 20 January 2026

DIRECTORS' SERVICE AGREEMENTS

Each of the Executive Directors of the Company have entered into a service agreement with the Company which shall continue in force unless and until terminated by (i) either the Company or the Director serving on each other of not less than one or three months' notice (as the case may be); or (ii) his retirement as a Director without being re-elected as a Director by the shareholders of the Company ("**Shareholder(s)**") in an annual general meeting in accordance with the New Bye-Laws; or (iii) in the event of the Director's default under the terms of the said service agreement.

None of the Directors of the Company proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement with the Company which is not determinable by the Company or its subsidiaries (as the case maybe) within one year without payment of compensation (other than the statutory compensation).

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company which is not a contract of service with any director of the Company or person engaged in full-time employment of the Company was entered into or subsisted during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in the section headed "MAJOR CUSTOMERS AND SUPPLIERS" and notes 38 and 44 to the consolidated financial statements of this report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted as at 31 December 2025 or at any time during the year ended 31 December 2025.

RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 44 to the consolidated financial statements of the Group for the year ended 31 December 2025 did not constitute connected transactions under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 15 August 2011 (the "**2011 Share Option Scheme**"), with life span of ten years. Notwithstanding that the 2011 Share Option Scheme had expired in August 2021, the rights of the grantees under the 2011 Share Option Scheme continue to subsist. Details of the 2011 Share Option Scheme as well as movements in the share options during the year ended 31 December 2025 are set out in note 38 to the financial statements.

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "**RSA Scheme**") on 28 March 2011 for the purpose of rewarding and motivating, among others, Directors (including executive and non-executive) and employees of the Company and its subsidiaries with the shares of the Company. Details of the RSA Scheme are set out in note 38 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme", "Restricted Share Award Scheme" of this report, no equity-linked agreements were entered into during or subsisted at the end of the year ended 31 December 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Scheme" and "Restricted Share Award Scheme" of this report, at no time during or at the end of the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of each Director and chief executive of the Company and their associates in the shares of the Company ("**Share(s)**"), underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" adopted by the Company (the "**Model Code**") were as follows:

Name of Director	Capacity	Personal interests	Corporate interests	Number of outstanding share options	Total *(Note 1)*	Approximate percentage of aggregate interests (%) *(Note 5)*
GUO Wei	Beneficial owner and interests of controlled corporations	107,996,707	183,784,857 *(Note 2)*	54,000,000 *(Note 3)*	345,781,564	20.66
LIN Yang	Beneficial owner	3,571,734	–	1,332,000 *(Note 3)*	4,903,734	0.29
LIU Yun, John	Beneficial owner	100,000 *(Note 4)*	–	1,332,000 *(Note 3)*	1,432,000	0.09
KING William	Beneficial owner	100,000 *(Note 4)*	–	1,332,000 *(Note 3)*	1,432,000	0.09

Notes:

1. All of the interests disclosed herein represent long position in the Shares.

2. Pursuant to a Form 3A – Director/Chief Executive Notice – Interests in Shares of Listed Corporation filed by Mr. GUO Wei on 25 January 2025, these Shares represent Shares held by Kosalaki Investments Limited ("**KIL**") and Digital China Group Co., Ltd. (神州數碼集團股份有限公司) ("**DCG**") (listed on the Shenzhen Stock Exchange) and its subsidiaries. Mr. GUO Wei is the sole shareholder and a director of KIL, and is a substantial shareholder as to approximately 23.12% and also a director of DCG.

3. Representing 54,000,000 share options that were granted to Mr. GUO Wei and 1,332,000 share options that were granted to each of Mr. LIN Yang, Dr. LIU Yun, John and Mr. KING William on 13 July 2020 which remained outstanding as at 31 December 2025. These share options are exercisable from the date of satisfaction of certain conditions stated in the offer letter dated 13 July 2020 to 12 July 2028 at an exercise price of HK$6.60 per Share for subscription of Shares.

4. On 2 June 2020, 100,000 shares were granted to each of Dr. LIU Yun, John and Mr. KING William under the RSA Scheme, and were vested in January 2021 pursuant to the terms and conditions of the RSA Scheme.

5. The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 352 of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company or their associates 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, pursuant to Form 2 — Corporate Substantial Shareholders Notice filed by the respective shareholders and the best knowledge of the Directors, the following persons or corporations, not being a Director or chief executive of the Company, had the following interests and short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name	**Capacity**	**Number of Shares *(Note 1)***	**Approximate percentage of aggregate interests (%) *(Note 9)***
Kosalaki Investments Limited	Beneficial owner	114,876,857 *(Note 2)*	6.86
Dragon City International Investment Limited	Beneficial owner	165,054,500	9.86
YIP Chi Yu	Interests of a controlled Corporation/Interest of spouse	165,054,500/2,325 *(Notes 3 & 4)*	9.86
HUANG Shaokang	Beneficial owner/Interest of spouse	2,325/165,054,500 *(Notes 3 & 4)*	9.86
Guangzhou City Infrastructure Investment Group Limited* (廣州市城市建設投資集團有限公司) ("**GZ Infrastructure**")	Interests of controlled corporations	331,201,928 *(Note 5(a))*	19.80
Guangzhou City Investment Co., Ltd.* (廣州市城投投資有限公司) ("**GZ Investment**")	Interests of controlled corporations	331,201,928 *(Note 5(b))*	19.80
Guangzhou City Investment Jiapeng Industry Investment Fund Management Co., Ltd.* (廣州城投佳朋產業投資基金管理有限公司) ("**GZ Jiapeng**")	Interests of a controlled corporation	299,760,000 *(Note 5(c))*	17.92
Guangzhou City Investment Jiazi Investment Partnership (Limited Partnership)* (廣州城投甲子投資合夥企業(有限合夥)) ("**GZ Jiazi**")	Beneficial owner	299,760,000 *(Note 5(d))*	17.92
Guangzhou Radio Group Co., Ltd.* (廣州無線電集團有限公司) ("**Guangzhou Radio Group**")	Interests of controlled corporations	181,120,250 *(Note 6)*	10.83

Name	Capacity	Number of Shares *(Note 1)*	Approximate percentage of aggregate interests (%) *(Note 9)*
GRG Banking Equipment Co., Ltd.* (廣州廣電運通金融電子股份有限公司) ("**GRG Banking Corp.**")	Interests of controlled corporations	181,120,250 *(Note 7)*	10.83
Law Debenture Trust (Asia) Limited as trustee of Digital China Holdings Limited Restricted Share Award Scheme Trust	Trustee	184,352,900	11.02
China New Century Co., Ltd.* (中國新紀元有限公司)	Interests of controlled corporation	101,800,000	6.08
Digital China Group Co. Ltd.* (神州數碼集團股份有限公司) ("**DCG**")	Beneficial owner/Interests of controlled corporation	21,660,000/ 130,007,000 *(Note 8)*	9.06

Notes:

1. All of the interests disclosed herein represent long position in the Shares.

2. Mr. GUO Wei, a director of the Company, is the sole shareholder and a director of KIL. The Shares registered in the name of KIL was also disclosed as the interest of Mr. Guo in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.

3. Dragon City International Investment Limited ("**Dragon City**") is wholly owned by Ms. YIP Chi Yu ("**Ms. Yip**") and Mr. HUANG Shaokang ("**Mr. Huang**") is the spouse of Ms. Yip. By virtue of the SFO, Ms. Yip was deemed to be interested in the Shares in which Dragon City and Mr. Huang was interested.

4. Mr. Huang is the spouse of Ms. YIP. By virtue of the SFO, Mr. Huang was deemed to be interested in the Shares in which Ms. Yip was interested.

5. (a) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Infrastructure, on 28 January 2021, GZ Infrastructure was interested in 331,201,928 Shares in aggregate, of which, 299,760,000 Shares were held by GZ Jiazi and 31,441,928 shares were held by Suitong Hong Kong Company Limited* (穗通(香港)有限公司) ("**Suitong HK**"). GZ Jiazi is owned as to 99.96% by GZ Investment and 0.04% by GZ Jiapeng, which is in turn wholly-owned by GZ Investment. Suitong HK is also wholly-owned by GZ Investment. GZ Investment is 80% owned by GZ Infrastructure and 20% owned by Guangzhou Industry Investment Fund Management Co. Ltd.*, (廣州產業投資基金管理有限公司) ("**GZ Industry Fund**") which is wholly-owned by GZ Infrastructure. By virtue of the SFO, GZ Infrastructure was deemed to be interested in the Shares in which GZ Jiazi and Suitong HK were interested.

   (b) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Investment, on 28 January 2021, GZ Investment was interested in 331,201,928 Shares in aggregate, of which, 299,760,000 Shares were held by GZ Jiazi and 31,441,928 Shares were held by Suitong HK. By virtue of the SFO, GZ Investment was deemed to be interested in the Shares in which GZ Jiazi and Suitong HK were interested.

   (c) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Jiapeng, on 28 January 2021, GZ Jiapeng was interested in the Shares in which GZ Jiazi was interested by virtue of the SFO.

   (d) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Jiazi, on 28 January 2021, GZ Jiazi was beneficially interested in 299,760,000 Shares.

6. Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by Guangzhou Radio Group on 16 February 2021, GRG Banking Corp., a company listed on The Shenzhen Stock Exchange and owned as to 52.96% by Guangzhou Radio Group, was interested in 181,120,250 Shares.

7. Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GRG Banking Corp. on 16 February 2021, GRG Banking Corp. was interested in 181,120,250 Shares of which 7,078,000 Shares were held by GRG Banking Equipment (HK) Co., Limited (廣電運通國際有限公司) which is wholly-owned by GRG Banking Corp.

8. Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by DCG on 29 December 2025, DCG was interested in 151,667,000 Shares in aggregate, of which 130,007,000 shares were interests of controlled corporations, which includes (i) 60,487,000 shares were held by Digital China Technology Limited ("**DCT**"); (ii) 50,850,000 shares were held by Digital China (HK) Limited ("**DCHK**"); and (iii) 18,670,000 shares were held by Beijing Digital China Smart Life Technology Co., Ltd.* (北京神州數碼智慧生活科技有限公司) ("**DCSLT**"). Each of DCT, DCHK and DCSLT is an indirect wholly-owned subsidiary of DCG.

9. The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 336 of the SFO.

* For identification purpose only

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any persons and corporations who had interests or short positions in Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

DONATIONS

During the year ended 31 December 2025, the Group made donation of RMB108,000 (for the year ended 31 December 2024: RMB100,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of revenue attributable to the Group's five largest customers was less than 30% (for the year ended 31 December 2024: less than 30%) of the Group's total revenue for the year ended 31 December 2025.

The aggregate percentage of purchases attributable to the Group's five largest suppliers was approximately 50% (for the year ended 31 December 2024: approximately 47%) of the Group's total purchases and the percentage of purchases attributable to the Group's largest supplier was approximately 20% (for the year ended 31 December 2024: approximately 19%) for the year ended 31 December 2025.

For the year ended 31 December 2025, one of the top five customers of the Group comprises certain group companies of Digital China Group Co., Ltd. (神州數碼集團股份有限公司) ("**DCG**", together with its subsidiaries, the "**DCG Group**"), the revenue attributable to which accounted for approximately 1.75% of the total revenue for the year. Mr. Guo Wei, the Chairman and Chief Executive Officer of the Company, is a director of DCG and holds approximately 21.39% equity interests in DCG as at 31 December 2025 and is therefore regarded as having an interest in the DCG Group.

Save as disclosed above, none of the Directors, any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest major customers or five largest suppliers.

A description of the Group's major customers and suppliers can be found in the ESG Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with the applicable environmental laws and regulations and to adopt effective measures to ensure the efficient usage of resources, energy conservation and waste reduction. For details of the Company's environmental policy and performance, please refer to the ESG Report.

TAX RELIEF AND EXEMPTION

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 was audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year ended 31 December 2025 and up to the date of this report as required under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed under the section headed "Management Discussion and Analysis", no significant event of the Group occurred after 31 December 2025 and up to the date of this report.

Approved by the Board on 30 March 2026

GUO Wei

Chairman

Independent Auditor's Report

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF DIGITAL CHINA HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Digital China Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 67 to 179, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT ASSESSMENT OF GOODWILL

Refer to note 18 to the consolidated financial statements and the accounting policies on page 78.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the carrying amount of the Group's goodwill was approximately RMB1,011,104,000. During the year ended 31 December 2025, impairment loss of goodwill of approximately RMB114,001,000 was recognised. The management assessed goodwill for impairment by comparing the carrying amount of cash-generating units ("**CGUs**") to which goodwill has been allocated with the recoverable amount determined by assessing the value in use. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate. We have identified the impairment assessment of goodwill as a key audit matter because of its significance to the consolidated financial statements and the selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.	We performed the following audit procedures on the impairment assessment of goodwill: • evaluated management's impairment assessment on the reasonableness of the selection of valuation model, and adoption of key assumptions and input data; • evaluated the appropriateness of the assumptions, including the revenue growth rates and gross margin, against latest market expectation; • evaluated the appropriateness of the discount rate employed in the calculation of value in use by reviewing its basis of calculation and comparing its input data to market sources; and • performed sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in revenue growth rate and discount rate employed.

ESTIMATE OF EXPECTED CREDIT LOSSES ("ECL") OF ACCOUNTS AND BILLS RECEIVABLES AND CONTRACT ASSETS

Refer to notes 29 and 31 to the consolidated financial statements and the accounting policies on pages 92 to 95.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the carrying amount of the Group's accounts and bills receivables was approximately RMB3,007,362,000, net of loss allowance of approximately RMB952,503,000 and contract assets of RMB3,920,476,000, net of loss allowance of approximately RMB464,713,000. The Group has adopted ECL model to estimate the loss allowance of accounts and bills receivables and contract assets. Management performed periodic assessment on the sufficiency of loss allowance, other than credit impaired balance which were assessed for ECL individually, based on provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL. The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as probability of default and forward looking information. We have identified the estimation of ECL of accounts and bills receivables and contract assets as a key audit matter because of its significance to the consolidated financial statements and the corresponding uncertainty inherent in such estimates.	We performed the following audit procedures on assessing the loss allowance of accounts and bills receivables and contract assets: • assessed, on a sample basis, whether items in the ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices; • evaluated techniques and methodology in the ECL model against the requirement of HKFRS 9; • reviewed and assessed the application of the Group's policy for calculating the ECL; and • assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including their identification of credit-impaired balances, testing the accuracy of the historical default data, evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance.

Independent Auditor's Report

REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

Refer to note 6 to the consolidated financial statements and the accounting policies on pages 80 to 82.

The key audit matter	How our audit addressed the key audit matter
The Group's revenue from sales of goods is recognised at the point when the control of the goods is transferred to the customers while revenue from software development and technical service business is recognised over time with reference to the progress towards complete satisfaction of a performance obligation in accordance with output method or input method in accounting for its contract revenue. Significant management judgement is involved in using input method as based on the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract. During the year, the Group recognised revenue over time and at a point in time amounted to approximately RMB9,431,320,000 and RMB11,298,011,000 respectively. We have identified revenue recognition from contracts with customers using input method as a key audit matter because it is quantitatively significant to the consolidated financial statements as a whole, combined with judgement involved in determining the appropriate point to recognise revenue from the above types of revenues.	We performed the following audit procedures on the revenue recognition from contracts with customers using input method: • assessed the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting on a sample basis of representative contracts with customers; • selected samples of incomplete contracts as at year end and checked calculation of significant components of budgeted contract costs to supporting documents such as purchase orders of equipment and contracts with subcontractors; • selected samples of completed contracts during the year and checked the historical reliability of the budgeted contract costs; and • re-performed, on a sample basis, the calculation of revenue recognised during the year based on the input method.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Pang Wai Hang.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
30 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	NOTES	**2025 RMB'000**	2024 RMB'000
Revenue	6	**21,014,999**	16,657,343
Cost of sales and services		**(18,528,908)**	(14,365,429)
Gross profit		**2,486,091**	2,291,914
Other income and gains	6	**131,257**	112,543
Net gain on disposal of equity interests in associates		**519**	3,432
Selling and distribution expenses		**(913,249)**	(882,312)
Administrative expenses		**(472,961)**	(412,436)
Other expenses, net	7	**(754,502)**	(989,783)
Reversal of impairment loss (impairment loss) of interests in associates, net		**28,696**	(23,784)
Impairment loss of goodwill	18	**(114,001)**	(364,604)
Fair value gain (loss) on investment properties	15	**11,688**	(7,517)
Impairment loss of other receivables	30	**(84,370)**	(27,696)
Finance costs	8	**(157,875)**	(129,192)
Share of loss of associates and joint ventures	7	**(78,644)**	(68,339)
Profits (loss) before tax	7	**82,649**	(497,774)
Income tax expenses	11	**(21,480)**	(65,913)
Profits (loss) for the year		**61,169**	(563,687)
Attributable to:			
Equity holders of the parent		**31,420**	(253,949)
Non-controlling interests		**29,749**	(309,738)
		61,169	(563,687)
Earnings (loss) per share attributable to equity holders of the parent (expressed in RMB per share)	13		
Basic		**0.0212**	(0.1720)
Diluted		**0.0211**	(0.1720)

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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	NOTE	**2025 RMB'000**	2024 RMB'000
Profit (loss) for the year		**61,169**	(563,687)
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of financial statements of foreign operations		**(947)**	(9,719)
Share of other comprehensive income (expense) of associates		**376**	(1,875)
		(571)	(11,594)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value on financial assets measured at fair value through other comprehensive income		**(60,609)**	(68,442)
Income tax effect	25	**12,595**	(24,185)
		(48,014)	(92,627)
Other comprehensive expense for the year, net of tax		**(48,585)**	(104,221)
Total comprehensive income (expense) for the year		**12,584**	(667,908)
Attributable to:			
Equity holders of the parent		**(9,622)**	(365,507)
Non-controlling interests		**22,206**	(302,401)
		12,584	(667,908)

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	14	**675,270**	697,019
Right-of-use assets	16	**101,181**	138,040
Investment properties	15	**4,585,336**	4,481,252
Goodwill	18	**1,011,104**	1,125,105
Other intangible assets	19	**219,718**	261,995
Interests in joint ventures	20	**55,823**	41,922
Interests in associates	21	**173,599**	218,606
Financial assets at amortised cost	23b	**202,721**	–
Financial assets at fair value through other comprehensive income	22	**287,173**	362,361
Financial asset at fair value through profit or loss	23a	**83,646**	134,460
Accounts receivables	29	**55,264**	132,139
Finance lease receivables	24	**7,876**	–
Other receivables	30	**420,000**	440,000
Deferred tax assets	25	**271,778**	224,338
		8,150,489	8,257,237
Current assets			
Inventories	26	**990,162**	1,117,841
Completed properties held for sale	27	**439,113**	579,642
Accounts and bills receivables	29	**2,952,098**	3,259,130
Prepayments, deposits and other receivables	30	**1,112,778**	1,528,936
Contract assets	31a	**3,920,476**	3,811,240
Financial assets at amortised cost	23b	**10,982**	–
Financial assets at fair value through profit or loss	23a	**156,898**	183,198
Finance lease receivables	24	**5,549**	19,418
Restricted bank balances	32	**448,418**	83,479
Cash and cash equivalents	32	**3,488,418**	3,142,841
		13,524,892	13,725,725
Assets classified as held for sale	28	**–**	324,336
		13,524,892	14,050,061
Current liabilities			
Accounts and bills payables	33	**3,926,026**	4,251,022
Other payables and accruals	34	**1,358,716**	1,257,244
Lease liabilities	17	**42,396**	56,659
Contract liabilities	31b	**1,914,077**	2,264,240
Tax payables		**45,051**	62,337
Interest-bearing bank and other borrowings	35	**2,070,763**	1,980,515
Other financial liability	46	**912,155**	–
		10,269,184	9,872,017
Net current assets		**3,255,708**	4,178,044
Total assets less current liabilities		**11,406,197**	12,435,281

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Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	35	**1,378,845**	1,502,222
Deferred tax liabilities	25	**522,067**	504,237
Deferred income	45	**23,115**	13,763
Lease liabilities	17	**17,485**	37,450
Other financial liability	46	**–**	870,155
		1,941,512	2,927,827
Net assets		**9,464,685**	9,507,454
Capital and reserves			
Share capital	36	**163,826**	163,826
Reserves	37	**5,587,110**	5,667,605
Equity attributable to equity holders of the parent		**5,750,936**	5,831,431
Non-controlling interests		**3,713,749**	3,676,023
Total equity		**9,464,685**	9,507,454

The consolidated financial statements on pages 67 to 179 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

GUO Wei
Director

LIN Yang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the parent												
	Issued capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Employee share trust RMB'000	Employee share-based compensation reserve RMB'000	Asset revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	163,826	4,139,709	1,589,764	(868,213)	251,072	610,610	(221,360)	794,825	(210,023)	(418,779)	5,831,431	3,676,023	9,507,454
Profit for the year	–	–	–	–	–	–	–	–	–	31,420	31,420	29,749	61,169
Changes in fair value on financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(41,652)	–	–	–	(41,652)	(6,362)	(48,014)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	–	234	–	234	(1,181)	(947)
Share of other comprehensive (expense) income of associates	–	–	–	–	–	–	470	–	(94)	–	376	–	376
Total comprehensive expense for the year	–	–	–	–	–	–	(41,182)	–	140	31,420	(9,622)	22,206	12,584
Disposal of financial assets at fair value through other comprehensive income classified as held for sale	–	–	–	–	–	–	175,435	–	–	(175,435)	–	–	–
Share-based compensation	–	–	–	–	6,013	–	–	–	–	–	6,013	–	6,013
Contribution to employee shares trusts	–	–	–	(973)	–	–	–	–	–	–	(973)	–	(973)
Deregistration of subsidiaries (note 41(d))	–	–	–	–	–	–	–	–	–	–	–	(3,104)	(3,104)
Vesting of shares under the restricted share award scheme	–	–	–	31,794	(31,794)	–	–	–	–	–	–	–	–
Disposal of a subsidiary (note 41(a))	–	–	8,783	–	–	–	–	–	–	–	8,783	8,392	17,175
Transfer to reserve funds	–	–	–	–	–	–	–	45,944	–	(45,944)	–	–	–
Dividends paid (note 12)	–	–	–	–	–	–	–	–	–	(80,964)	(80,964)	–	(80,964)
Changes in ownership interests in subsidiaries	–	–	(3,732)	–	–	–	–	–	–	–	(3,732)	3,732	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	6,500	6,500
At 31 December 2025	163,826	4,139,709	1,594,815	(837,392)	225,291	610,610	(87,107)	840,769	(209,883)	(689,702)	5,750,936	3,713,749	9,464,685

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the parent												
	Issued capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Employee share trust RMB'000	Employee share-based compensation reserve RMB'000	Asset revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	163,826	4,139,709	1,595,724	(868,751)	248,415	610,610	(123,672)	744,463	(196,153)	(18,804)	6,295,367	4,070,638	10,366,005
Loss for the year	–	–	–	–	–	–	–	–	–	(253,949)	(253,949)	(309,738)	(563,687)
Changes in fair value on financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(95,670)	–	–	–	(95,670)	3,043	(92,627)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	–	(14,013)	–	(14,013)	4,294	(9,719)
Share of other comprehensive (expense) income of associates	–	–	–	–	–	–	(2,018)	–	143	–	(1,875)	–	(1,875)
Total comprehensive expense for the year	–	–	–	–	–	–	(97,688)	–	(13,870)	(253,949)	(365,507)	(302,401)	(667,908)
Share-based compensation	–	–	–	–	14,775	–	–	–	–	–	14,775	2,866	17,641
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	353	353
Contribution to employee shares trusts	–	–	–	(11,580)	–	–	–	–	–	–	(11,580)	–	(11,580)
Deregistration of subsidiaries (note 41(d))	–	–	–	–	–	–	–	–	–	–	–	(4,019)	(4,019)
Vesting of shares under the restricted share award scheme	–	–	–	12,118	(12,118)	–	–	–	–	–	–	–	–
Deemed acquisition of additional interests in non-wholly-owned subsidiaries (note 41(b))	–	–	(5,960)	–	–	–	–	–	–	–	(5,960)	(44,289)	(50,249)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(47,125)	(47,125)
Transfer to reserve funds	–	–	–	–	–	–	–	50,362	–	(50,362)	–	–	–
Dividends paid (note 12)	–	–	–	–	–	–	–	–	–	(95,664)	(95,664)	–	(95,664)
At 31 December 2024	163,826	4,139,709	1,589,764	(868,213)	251,072	610,610	(221,360)	794,825	(210,023)	(418,779)	5,831,431	3,676,023	9,507,454

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**82,649**	(497,774)
Adjustments for:		
Finance costs	**157,875**	129,192
Share of loss of associates	**72,658**	66,445
Share of loss of joint ventures	**5,986**	1,894
Interest on bank deposits	**(15,702)**	(12,989)
Income from wealth management financial products	**(9,554)**	(17,739)
Deferred income recognised	**(15,390)**	(8,895)
Dividends income from financial assets at fair value through profit or loss	**–**	(279)
Dividends income from financial assets at fair value through other comprehensive income	**(2,813)**	(1,592)
Impairment loss of accounts and bills receivables, other receivables and contract assets	**131,010**	237,683
Impairment loss of goodwill	**114,001**	364,604
(Reversal of impairment loss) impairment loss of interests in associates	**(28,696)**	23,784
Loss on disposal of property, plant and equipment	**3,079**	2,721
Fair value (gain) loss on investment properties	**(11,688)**	7,517
Fair value (gain) loss on financial assets at fair value through profit or loss	**(152)**	46,993
Gain on deemed partial disposal of equity interest in an associate	**(519)**	(3,432)
Gain on deregistration of subsidiaries	**(18)**	–
(Gain) loss on early termination of leases	**(52)**	356
Depreciation of property, plant and equipment	**63,186**	63,918
Depreciation of right-of-use assets	**73,575**	82,910
Amortisation of other intangible assets	**93,722**	78,650
Write-down (reversal of write-down) of inventories	**27,368**	(8,892)
Share-based compensation	**6,013**	17,641
	746,538	572,716
Decrease (increase) in inventories	**100,311**	(288,721)
Decrease (increase) in completed properties held for sale	**50,442**	(4,883)
Decrease in accounts and bills receivables	**333,424**	616,542
Decrease (increase) in prepayments, deposits and other receivables	**330,394**	(262,074)
Decrease in finance lease receivables	**5,993**	5,994
(Decrease) increase in accounts and bills payables	**(324,997)**	299,010
Increase (decrease) in other payables and accruals and deferred income	**145,088**	(181,254)
Increase in contract assets	**(117,200)**	(250,445)
Decrease in contract liabilities	**(350,163)**	(6,953)
(Increase) decrease in restricted bank balances	**(384,185)**	141,295
Effect of foreign exchange rate changes, net	**2,872**	(2,634)
Cash generated from operations	**538,517**	638,593
Interest received	**15,702**	12,902
Mainland China income tax paid	**(64,536)**	(51,095)
NET CASH FROM OPERATING ACTIVITIES	**489,683**	600,400

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(51,034)**	(27,414)
Proceeds from disposal of property, plant and equipment	**2,191**	3,432
Additions to other intangible assets	**(51,445)**	(105,065)
Proceeds from disposal of equity interest in associates	**909**	850
Investment in a joint venture	**(19,800)**	–
Deposits received for assets classified as held for sale	**333,320**	19,246
Deposits received (paid) for acquisition of other financial asset	**22,128**	(21,900)
Settlement of consideration payable for acquisition of a subsidiary	**–**	(4,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**11,020**	6,129
Proceeds from disposal of financial assets at fair value through profit or loss	**510,965**	458,380
Deposits received for disposal of equity interest in an associate	**6,820**	–
Dividend income from financial assets at fair value through profit or loss	**–**	279
Dividend income from financial assets at fair value through other comprehensive income	**2,813**	1,592
Dividends received from associates	**240**	240
Purchase of financial asset at amortised cost	**(211,210)**	–
Purchase of financial assets at fair value through profit or loss	**(426,639)**	(484,957)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**130,278**	(153,688)
FINANCING ACTIVITIES		
New bank borrowings	**3,858,407**	2,337,965
Repayment of bank borrowings	**(3,886,233)**	(2,154,228)
Repayment of lease liabilities	**(74,142)**	(83,029)
Interest paid	**(112,624)**	(87,192)
Dividends paid	**(80,964)**	(95,664)
Dividends paid to non-controlling shareholders	**–**	(47,125)
Purchase of shares under the restricted share award scheme	**(973)**	(11,580)
Contribution from non-controlling shareholders of subsidiaries	**6,500**	353
Repurchase of shares of a subsidiary from non-controlling shareholders	**–**	(50,249)
Proceeds on disposal of partial interest in a subsidiary without losing control	**17,175**	–
Distribution to non-controlling shareholder upon deregistration of subsidiaries	**(1,084)**	(2,030)
NET CASH USED IN FINANCING ACTIVITIES	**(273,938)**	(192,779)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**346,023**	253,933
Cash and cash equivalents at beginning of year	**3,142,841**	2,883,308
Effect of foreign exchange rate changes, net	**(446)**	5,600
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**3,488,418**	3,142,841
Analysis of components of cash and cash equivalents		
Bank balances and cash	**3,488,418**	3,138,841
Non-pledged time deposits	**–**	4,000
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of the cash flows	**3,488,418**	3,142,841

1. GENERAL

Digital China Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to this annual report.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- provision of big data products and solution services, including sales of data software products and data solutions around digital cities, digital supply chain and fintech scenarios, etc.
- provision of software and operation business, including one-stop end-to-end supply chain operation service and software development, testing, operation and maintenance services, etc.
- provision of traditional and localization services, including system integration, e-commerce operation, etc.

The consolidated financial statements were presented in Renminbi ("**RMB**") and the functional currency of the Company was Hong Kong dollars (HK$), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards issued but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after 1 January 2026.
2 Effective for annual periods beginning on or after 1 January 2027.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

HKFRS 18 — Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the equity holders of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the parent.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of CGU). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill relating to an associate or a joint venture that included in the carrying amount of the investment is set out in "investments in associates and joint ventures" below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures. If the Group's share of the losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the net investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in associates and joint ventures (Continued)

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of investments in the associates or joint ventures that are unrelated to the Group. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. In applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Sales of software products business
- Software development and technical services business
- Supply chain operation and maintenance business
- System integration business
- E-commerce operation business

Revenue from sales of software products business, e-commerce supply chain service business and system integration business are recognised at the point when the services are provided to the customers or when the control of the goods is transferred to the customers, generally on delivery of goods to customers.

Revenue from software development and technical services business and supply chain operation and maintenance business are recognised over time.

The Group recognised revenue over time by measuring the progress towards complete satisfaction of a performance obligation in accordance with output or input method.

Output method is applied to recognise revenue on the basis of direct measurements of the value of goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method is applied to recognise revenue from software development and technical services business on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract. In some circumstances when the outcome of a performance obligation could not be reasonably measured, the Group shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payments and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services, and adjusting related receivables.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (Continued)

The Group as lessee (Continued)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties and certain equipment. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases, measured using the interest rate implicit in the respective leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the general principles above.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative expenses (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments of ownership interests of properties which includes both leasehold land and building elements, the entire properties are presented as buildings and included in property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties under fair value model.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms or 2% to 5%, whichever is shorter
Leasehold improvements	Over the lease terms or 20% to 33%, whichever is shorter
Fixtures and office equipment	10% to 33%
Motor vehicles	10% to 20%

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of three or five years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Systems software

Purchased systems software is stated at cost less accumulated amortisation and any accumulated impairment losses, and is amortised on the straight-line basis over its estimated useful life of three or five years.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the normal course of business less all estimated costs of completion and costs necessary to make the sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors of the Company based on the prevailing market prices, on an individual property basis.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and investment properties which continue to be measured in accordance with the relevant accounting policies.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**"), and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (note 6).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained profits (accumulated losses).

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other income and gains' line item in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income and gains" and "Other expenses" line items. Fair value is determined in the manner described in note 48.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit losses ("**ECL**") on investments in debt instruments that are measured at amortised cost, finance lease receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivables, contract assets and finance lease receivables. The ECL on these financial assets are estimated using a provision matrix or individually based on the Group's historical credit loss experience and forward looking information that is available without undue cost or effort.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 720 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits (accumulated losses).

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Redemption liability

The obligation of the Group to purchase the equity instruments of a group entity at discretion of a third party (written put option) upon it becomes unconditional is classified as a financial liability (i.e. redemption liability).

The redemption liability is recognised initially at the present value of the redemption price. It is subsequently measured at amortised cost using the effective interest rate method.

The carrying amount of the redemption liability is reclassified as equity if the contract (written put option) expires without delivery.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Equity-settled share based payment transactions

Share options and share awards granted to employees

The fair value of services received determined by reference to the fair value of equity instruments granted at the date of grant is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (employee share-based compensation reserve).

Service and non-market performance conditions are not taken into account when determining the grant date fair value of equity instruments, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an equity instrument, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of the equity instrument and lead to an immediate expensing of an equity instrument unless there are also service and/or performance conditions.

At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to ultimately vest based on assessment of a relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share-based compensation reserve.

When share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will continue to be held in employee share-based compensation reserve.

For RSA Scheme (as explained in note 38(b)), the considerations paid (including any related transaction costs) by the Company to purchase shares of the Company are deducted from equity as an employee share trust. The administrator of the employee share trust purchases the Company's shares in the open market as award shares to employees. At the time when the award shares are vested, the difference on the amounts previously recognised in shares held for RSA Scheme and the amount recognised in employee share-based compensation reserve is transferred to retained profits (accumulated losses).

Pension schemes

The Group operates a Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (defined contribution scheme) operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories/completed properties for sale and value in use of goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distributions of dividends. No deferred tax liability on undistributed earnings had been provided at 31 December 2025 (2024: nil).

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties of rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax ("**EIT**") and land appreciation tax ("**LAT**").

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Digital China Information Service Group Company Ltd. (神州數碼信息服務集團股份有限公司) ("**DCITS**") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of DCITS with a 40.39% (2024: 40.54%) equity interest. Although the Group does not own a majority of the equity interests in DCITS, the Group still retained its rights to nominate three out of five directors of the board of directors of DCITS, taking into account the Group's power to participate in the operational and financial activities of DCITS, distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, and the existence of any contractual arrangement among the shareholders and/or their beneficial shareholders, if any, the directors of the Company are of the view that the equity holdings in DCITS are dispersed in a way that other shareholders have not organised and the practical risk to organise their holdings to outvote the Group in the shareholders' meetings of DCITS is remote so that the Group's voting rights are sufficient to give it the practical ability to direct the relevant activities of DCITS unilaterally. Therefore, the directors of the Company are of the view that the Company has de facto control over DCITS.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recognition of share-based compensation expense

The Group operates share-based incentive schemes as detailed in note 38 for the purpose of providing incentives and rewards to employees. The fair values of share options were valued by an independent valuer using the binomial model. These valuations require the Company to make estimates about certain key inputs, including the dividend yield, expected volatility, risk-free interest rate and expected life of options, and hence they are subject to uncertainty.

Besides, the grant of equity instruments (including both share options and restricted shares) is conditional upon the satisfaction of specified vesting conditions, including service periods and performance conditions linked to financial performance measure, if any. Judgement is required to take into account the vesting conditions and adjust the number of the equity instruments included in the measurement of share-based compensation expense.

The cumulative expense recognised for share-based incentive schemes at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2025, the carrying amount of goodwill is approximately RMB1,011,104,000 (2024: RMB1,125,105,000). Impairment loss of approximately RMB114,001,000 (2024: RMB364,604,000) was recognised during the year ended 31 December 2025. Details of the accumulated impairment and recoverable amount calculations are disclosed in note 18.

Fair value of financial assets measured at FVTPL and FVTOCI

As described in note 49, the directors of the Company use their judgements in selecting appropriate valuation techniques for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted equity instruments includes some assumptions not supported by observable market prices or rates. As at 31 December 2025, the carrying amount of the unlisted equity instruments classified as FVTOCI was approximately RMB287,173,000 (2024: RMB362,361,000). As at 31 December 2025, the carrying amount of the unlisted investments classified as financial assets at FVTPL was RMB240,544,000 (2024: RMB317,658,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated useful lives of property, plant and equipment, right-of-use assets and other intangible assets

At the end of each reporting period, the directors of the Company review the estimated useful lives of property, plant and equipment, right-of-use assets and other intangible assets with finite useful life. The carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets with finite useful life as at 31 December 2025 is RMB675,270,000 (2024: RMB697,019,000), RMB101,181,000 (2024: RMB138,040,000) and RMB219,718,000 (2024: RMB261,995,000) respectively.

Fair values of investment properties

As at 31 December 2025, the Group's investment properties amounted to RMB4,585,336,000 (2024: RMB4,481,252,000). They are stated at estimated fair value, determined by directors, based on an independent external appraisal. The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location, expectation of future rentals and the discount yield applied to those cash flows. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate, particularly in years of volatility or low transaction flow in the market.

ECL of accounts and bills receivables, other receivables and contract assets

The impairment provisions for accounts and bills receivables and other receivables and contract assets are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

During the year ended 31 December 2025, impairment loss of accounts and bills receivables of approximately RMB38,676,000 was recognised (2024: RMB172,473,000) in the profit or loss. The carrying amount of accounts and bills receivables was approximately RMB3,007,362,000 (2024: RMB3,391,269,000), net of loss allowance of approximately RMB952,503,000 (2024: RMB917,649,000).

During the year ended 31 December 2025, impairment loss of deposits and other receivables of approximately RMB84,370,000 (2024: RMB27,696,000) was recognised in the profit or loss. The carrying amount of deposits and other receivables was approximately RMB1,113,305,000 (2024: RMB1,277,227,000), net of loss allowance of approximately RMB702,017,000 (2024: RMB617,647,000).

During the years ended 31 December 2025 and 2024, no impairment loss has been recognised in the profit or loss in respect of the loans to joint ventures. The carrying amount of loans to joint ventures was approximately RMB108,065,000 (2024: RMB108,065,000) without any loss allowance.

During the year ended 31 December 2025, impairment loss of contract assets of approximately RMB7,964,000 (2024: RMB37,514,000) was recognised in profit or loss. The carrying amount of contract assets was approximately RMB3,920,476,000 (2024: RMB3,811,240,000), net of loss allowance of approximately RMB464,713,000 (2024: RMB456,749,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment, right-of-use assets and other intangible assets

Property, plant and equipment, right-of-use assets and other intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for future development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets, and other intangible assets were RMB675,270,000, RMB101,181,000 and RMB219,718,000 (2024: RMB697,019,000, RMB138,040,000 and RMB261,995,000) respectively. Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 14 16, and 19, respectively. Further details are given in respective notes.

Revenue recognition

When the Group recognises revenue over time using the input method, based on the actual direct costs incurred to satisfy the performance obligation relative to the total expected costs incurred to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue require estimations from management based on understanding of the performance of the contract and quotations from suppliers and subcontractors, and the Group's historical experience. Due to the nature of the activity undertaken in the service contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a provision for onerous contract may arise.

For software development and technical services business, the Group either creates and enhances an asset that the customers controls or its customers simultaneously receives and consumes the benefits provided as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time using input method.

Provision for obsolete inventories

Management reviews the ageing analysis of inventories of the Group and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sales. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories. If the market conditions were to change, resulting in a change in provision for obsolete items, the difference will be recorded in the period it is identified. During the year ended 31 December 2025, reversal of write-down of inventories of approximately RMB27,368,000 (2024: reversal of write-down of inventories of RMB8,892,000) was recognised in profit or loss. As at 31 December 2025, the carrying amount of inventories was approximately RMB990,162,000 (2024: RMB1,117,841,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment assessment of interests in associates

At the end of the reporting period, the directors of the Company review its interests in associates and identified if there is any indication that those assets may suffer an impairment loss. If an objective evidence of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amounts of the assets requires the use of assumptions such as cash flow projections, price to book ratio and discount rates. Based on the estimated recoverable amounts, reversal on impairment loss of interests in associates of approximately RMB28,696,000 (2024: impairment loss of RMB23,784,000) was recognised in profit or loss. As at 31 December 2025, the carrying amount of interests in associates was approximately RMB173,599,000 (2024: RMB218,606,000), net of accumulated impairment loss of approximately RMB472,044,000 (2024: RMB500,740,000).

Deferred tax

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Certain entities of the Group were recognised as "High New Technology Enterprises" in Mainland China and entitled to a preferential corporate income tax rate of 15% for a three-year period. For the measurement of deferred tax assets and liabilities, judgement is required to determine whether these entities will continue to meet the criteria of "High New Technology Enterprises" and estimate the tax rates expected to be applied.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and amounts of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2025 were approximately RMB271,778,000 (2024: RMB224,338,000) and RMB522,067,000 (2024: RMB504,237,000), respectively. The amount of unrecognised tax losses and certain deductible temporary differences at 31 December 2025 was approximately RMB3,887,368,000 (2024: RMB3,493,718,000). Further details are given in note 25.

5. SEGMENT INFORMATION

In terms of resource allocation and departmental performance evaluation, relevant information on the categories of goods or services delivered or provided is centrally submitted to the Board of Directors (i.e., the **CODM**).

Prior to June 30, 2025, there were three reportable segments: (a) Big Data Products and Solutions; (b) Software and Operating Services; and (c) Traditional and Localization Services.

Effective from July 1, 2025, the CODM restructured its internal reporting framework and determined that revising the presentation of segment reporting would more appropriately reflect the Group's management and review approach as follows:

(a) **Data Intelligence Services Business segment:** Provides a data intelligence decision-making platform and full-stack AI technical services centered on computing power, data, algorithm models and intelligent applications. It offers AI products and solutions for supply chain and other innovative scenarios.

(b) **Integrated Supply Chain Services Business segment:** Provides data technology-making end-to-end supply chain services, focusing on warehousing, transportation, distribution, reverse logistics and intelligent operations across the entire value chain.

(c) **Fintech Services and Others Business segment:** This segment mainly comprises the business of Digital China Information Service Group Co., Ltd. (DCITS), an indirect non-wholly-owned subsidiary of the Company (stock code: 000555.SZ). It also includes investments, property sales and leasing.

Segment information from the prior year has been re-presented to align with the current year's presentation.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results are evaluated based on the reportable segment profit (loss), which is a measure of adjusted loss before tax. The segment results is measured consistently with the Group's loss before tax except that interest income, finance costs, unallocated corporate income and gains and unallocated corporate expenses are excluded from such measurement. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group disclosed information in respect of the assets and liabilities of each reportable segment in prior years. With effect from 1 July 2025, following the restructuring of the internal reporting structure and the optimisation of the operating decision-making model, the CODM no longer obtains or reviews the assets and liabilities data of each reportable segment for the purpose of resources allocation and performance assessment. Such data has ceased to be a core basis for decision-making. Accordingly, the Group no longer discloses information in respect of the assets and/or liabilities of each reportable segment.

5. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue, results and certain other information for the Group's operating and reportable segments for the years ended 31 December 2025 and 2024.

	Data Intelligence Services		Integrated Supply Chain Services		Fintech Services and Others		Eliminations		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
		(Represented)		(Represented)		(Represented)		(Represented)		(Represented)
Segment revenue:										
External	**5,588,436**	4,666,385	**1,932,002**	1,744,622	**13,494,561**	10,246,336	**–**	–	**21,014,999**	16,657,343
Inter-segment	**16,251**	26,171	**30,783**	24,567	**7,745**	5,891	**(54,779)**	(56,629)	**–**	–
	5,604,687	4,692,556	**1,962,785**	1,769,189	**13,502,306**	10,252,227	**(54,779)**	(56,629)	**21,014,999**	16,657,343
Segment gross profit	**415,548**	339,653	**265,330**	317,684	**1,805,213**	1,634,577			**2,486,091**	2,291,914
Segment results	**34,247**	11,545	**175,190**	148,943	**134,999**	(413,464)			**344,436**	(252,976)
Unallocated										
Interest income									**15,702**	12,989
Income and gains									**29,641**	12,114
Unallocated expenses									**(149,255)**	(140,709)
Profit (loss) from operating activities									**240,524**	(368,582)
Finance costs									**(157,875)**	(129,192)
Profit (loss) before tax									**82,649**	(497,774)

5. SEGMENT INFORMATION (CONTINUED)

	Data Intelligence Services		Integrated Supply Chain Services		Fintech Services and Others		Unallocated		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	RMB'000 (Represented)	**RMB'000**	RMB'000 (Represented)	**RMB'000**	RMB'000 (Represented)	**RMB'000**	RMB'000 (Represented)	**RMB'000**	RMB'000 (Represented)
Other segment information:										
Depreciation of property, plant and equipment	**2,140**	2,542	**11,370**	12,373	**35,462**	33,379	**14,214**	15,624	**63,186**	63,918
Depreciation of right-of-use assets	**5,701**	6,687	**41,275**	40,970	**26,599**	35,253	**–**	–	**73,575**	82,910
Amortisation of other intangible assets	**12,625**	7,956	**5,816**	5,448	**75,281**	65,246	**–**	–	**93,722**	78,650
Addition to non-current assets (note)	**5,956**	4,141	**53,473**	78,754	**84,290**	81,480	**2,461**	43,811	**146,180**	208,186
Impairment of accounts and bills receivables, other receivables and contract assets	**19**	30,836	**(6,424)**	4,427	**137,415**	202,420	**–**	–	**131,010**	237,683
Provision (reversal of provision) for inventories	**1,285**	(2,813)	**–**	–	**26,083**	(6,079)	**–**	–	**27,368**	(8,892)
Share of losses (profit) of associates	**(120)**	(446)	**–**	–	**75,931**	56,555	**(3,153)**	10,336	**72,658**	66,445
Share of losses (profit) of joint ventures	**(311)**	1,065	**–**	–	**3,254**	(426)	**3,043**	1,255	**5,986**	1,894
Government grants	**(4,686)**	(632)	**(2,256)**	(6,534)	**(63,181)**	(47,020)	**(1,814)**	(2,049)	**(71,937)**	(56,235)
Fair value loss (gain) on investment properties	**–**	–	**(652)**	2,817	**(11,945)**	4,700	**909**	–	**(11,688)**	7,517
Gain on deemed partial disposal of equity interest in an associate	**–**	–	**–**	–	**(519)**	(3,432)	**–**	–	**(519)**	(3,432)
Impairment loss on goodwill	**–**	–	**–**	–	**114,001**	364,604	**–**	–	**114,001**	364,604
(Reversal of impairment loss) impairment loss of interests in associates	**–**	–	**–**	–	**(28,696)**	23,784	**–**	–	**(28,696)**	23,784
Interests in associates	**866**	985	**–**	–	**86,785**	115,019	**85,948**	102,602	**173,599**	218,606
Interests in joint ventures	**10,002**	9,690	**–**	–	**37,130**	20,497	**8,691**	11,735	**55,823**	41,922
Interest income on bank deposits#	**–**	–	**–**	–	**–**	–	**(15,702)**	(12,989)	**(15,702)**	(12,989)
Finance costs#	**–**	–	**–**	–	**–**	–	**157,875**	129,192	**157,875**	129,192
Income tax expense#	**–**	–	**–**	–	**–**	–	**21,480**	65,913	**21,480**	65,913

Note: Non-current assets excluded financial instruments and deferred tax assets.

Interest income on bank deposits, finance costs and income tax expense are regularly provided to the CODM but not included in the measurement of segment profit or loss.

Geographical information

Since over 90% of the Group's revenue from external customers is generated in Mainland China (based on location of customers) and over 90% of the non-current assets of the Group (except for interests in associates) are located in Mainland China (based on location of assets), no geographical information is presented.

Information about major customers

During the years ended 31 December 2025 and 2024, there was no revenue derived from transactions with a single external customer which individually contributed over 10% of the Group's revenue for the respective year.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents revenue arising on the sale of goods after allowances for returns and trade discounts; provision of services, net of value-added tax and government surcharges; and rental income received and receivable from investment properties for the year.

An analysis of the Group's revenue and other income and gains is as follows:

	2025 **RMB'000**	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines:		
Sales of software products business	**46,783**	111,248
Software development and technical service business	**7,273,702**	6,818,866
Supply chain operation and maintenance business	**2,157,618**	2,134,528
Systems integration business	**6,235,030**	3,394,350
E-commerce operation business	**4,556,041**	3,714,152
Others	**460,157**	190,760
Total revenue from contract with customers	**20,729,331**	16,363,904
Revenue from other sources		
Rental income from investment properties under operating lease	**275,448**	285,662
Financial services business	**10,220**	7,777
Total revenue from other sources	**285,668**	293,439
Total revenue	**21,014,999**	16,657,343

6. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(i) Revenue from contracts with customers

Disaggregation of revenue by timing of recognition

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
At a point in time	**11,298,011**	7,410,510
Over time	**9,431,320**	8,953,394
	20,729,331	16,363,904

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB6,525,585,000 (2024: RMB6,944,106,000). The amount represents revenue expected to be recognised from system integration business and software development and technical service business, in which the service is expected to complete within three (2024: three) years. The revenue expected to be recognised from revenue other than system integration business and software development and technical service business are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

(ii) Other income and gains

	Note	2025 RMB'000	2024 RMB'000
Other income			
Government grants	45	**71,937**	56,235
Interest on bank deposits		**15,702**	12,989
Income from wealth management financial products		**9,554**	19,739
Dividends income from financial assets at FVTOCI		**2,813**	1,592
Dividends income from financial assets at FVTPL		**–**	279
Others		**30,981**	19,212
		130,987	110,046
Gains			
Gain on deregistration or disposal of subsidiaries		**18**	–
Fair value gain on financial assets at fair value through profit or loss		**152**	–
Exchange gain, net		**–**	2,497
Others		**100**	–
Total other income and gains		**131,257**	112,543

7. PROFITS (LOSS) BEFORE TAX

(i) The Group's profit (loss) before tax is mainly arrived at after charging (crediting):

	2025 RMB'000	2024 RMB'000
Employee benefit expense (including directors' and chief executives' remuneration (Note 9)):		
Fees, salaries and allowances	**3,593,535**	3,102,717
Share-based compensation	**6,013**	17,641
Pension scheme contributions[1]	**337,244**	307,185
Other benefits	**464,530**	447,032
	4,401,322	3,874,575
Share of loss of associates	**72,658**	66,445
Share of loss of joint ventures	**5,986**	1,894
	78,644	68,339
Amount of inventories recognised as an expense	**10,252,119**	6,711,879
Auditor's remuneration	**2,657**	2,720
Depreciation of property, plant and equipment	**63,186**	63,918
Depreciation of right-of-use assets	**73,575**	82,910
Direct operating expenses (including repairs and maintenance) incurred for investment properties that generated rental income (Note 6)	**37,482**	30,454

7. PROFIT (LOSS) BEFORE TAX (CONTINUED)

(ii) Other expenses, net

	2025 RMB'000	2024 RMB'000
Research and development costs (excluding amortisation of other intangible assets)	**563,470**	653,335
Amortisation of other intangible assets	**93,722**	78,650
Write down (reversal of write-down) of inventories	**27,368**	(8,892)
Impairment loss of accounts and bills receivables and contract assets	**46,640**	209,987
Loss on disposal of property, plant and equipment	**3,079**	–
Net exchange losses	**2,872**	–
Fair value loss on financial assets at fair value through profit or loss	**–**	46,993
(Gain) loss on early termination of leases (Note 17(iii))	**(52)**	356
Others	**17,403**	9,354
	754,502	989,783

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	**90,543**	63,396
Interest on discounted bills	**22,082**	17,715
Interest on lease liabilities	**3,250**	6,081
Interest on other financial liability	**42,000**	42,000
	157,875	129,192

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 **RMB'000**	2024 RMB'000
Fees	**1,918**	1,464
Other emoluments:		
Salaries and allowances	**8,194**	7,893
Performance related bonus	**1,132**	1,286
Pension scheme contributions	**86**	83
	9,412	9,262
	11,330	10,726

Note:

Salaries and allowances, performance related bonus and pension scheme contributions as shown in the above table represent the consolidated total amount of salaries and allowances and performance related bonus received/receivable by executive and non-executive directors paid by DCITS, other subsidiaries of the Company, and the Company itself.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 **Fees** **RMB'000**	2024 Fees RMB'000
From the Company:		
Dr. LIU Yun, John	**274**	274
Mr. KING William	**274**	274
Dr. GUO Song[2]	**274**	101
Mr. CHAN Wai Hong, Michael[2]	**274**	101
Dr. LI Jing[2]	**274**	101
Mr. WONG Man Chung, Francis[1]	**–**	137
Miss. NI Hong (Hope)[1]	**–**	137
Mr. CHEN Timothy Ying-Cheng[1]	**–**	137
	1,370	1,262

Notes:

1 Retired on 27 June 2024.
2 Appointed on 19 August 2024.

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executives

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025					
Executive directors:					
Mr. GUO Wei		–	–	–	–
– From DCITS	–	4,800	1,132	17	5,949
– From entities in the Group other than DCITS	–	–	–	–	–
Mr. LIN Yang					
– From DCITS	–	–	–	–	–
– From entities in the Group other than DCITS	–	3,096	–	68	3,164
Mr. CAI Yinghua[1]					
– From DCITS	–	–	–	–	–
– From entities in the Group other than DCITS	–	298	–	1	299
	–	8,194	1,132	86	9,412
Non-executive directors:					
Ms. CONG Shan[2]	274	–	–	–	274
Mr. LIU Jun Qiang[2]	274	–	–	–	274
	548	–	–	–	548
	548	8,194	1,132	86	9,960

Notes:

1. President and Chief Operating Officer (Appointed as executive director of the Company on 28 November 2025). The amount of director's remuneration represented the emoluments paid for the period from 28 November 2025 to 31 December 2025.

2. As at 31 December 2025, the directors' fees had not been settled by the Group. Such director's fees were settled upon receipts of instructions from non-executive directors in 2026.

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executives (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive directors:					
Mr. GUO Wei					
– From DCITS	–	4,800	1,286	17	6,103
– From entities in the Group other than DCITS	–	–	–	–	–
Mr. LIN Yang					
– From DCITS	–	–	–	–	–
– From entities in the Group other than DCITS	–	3,093	–	66	3,159
	–	7,893	1,286	83	9,262
Non-executive directors:					
Ms. CONG Shan[3]	101	–	–	–	101
Mr. LIU Jun Qiang[2,3]	101	–	–	–	101
Mr. ZENG Shuigen[1]	–	–	–	–	–
	202	–	–	–	202
	202	7,893	1,286	83	9,464

Notes:

1 Resigned on 28 March 2024.

2 Appointed on 28 March 2024.

3 As at 31 December 2024, the directors' fees had not been settled by the Group. Such directors' fees were settled upon receipt of instructions from non-executive directors in 2026.

Mr. GUO Wei is the chief executive of the Company.

The performance related bonus is determined by the DCITS having regard to the director's performance and the prevailing market conditions.

Neither the chief executive nor any of the directors waived any emoluments in both years.

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2024: two) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 9 above except for one executive director whose emoluments relate only to the period from 28 November 2025 to 31 December 2025. The emoluments of the remaining two (2024: three) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	7,478	6,700
Performance related bonuses	3,545	1,908
Share-based compensation	–	20
Pension scheme contributions	237	400
	11,260	9,028

Their emoluments were within the following bands:

	Number of employees 2025	2024
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	–	1
HK$3,000,001 to HK$4,000,000	1	–
HK$4,500,001 to HK$5,000,000	–	1
HK$8,000,001 to HK$9,000,000	1	–
	2	3

11. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current — PRC		
EIT		
Charge for the year	**18,268**	40,044
Under-provision in prior years	**3,951**	2,203
Land appreciation tax ("LAT")	**11,937**	–
	34,156	42,247
Current — Hong Kong		
Charge for the year	**3,237**	4,407
Over-provision in prior years	**–**	(231)
	3,237	4,176
Current — Other jurisdictions		
Charge for the year	**1,059**	–
Under-provision in prior year	**43**	–
	1,102	–
Deferred tax (note 25)	**(17,015)**	19,490
Total tax charge for the year	**21,480**	65,913

(a) PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. In general, the Group's subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% except for certain subsidiaries which are entitled to preferential tax rates.

(b) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

(c) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits.

(d) The share of tax charge attributable to joint ventures of approximately RMB40,000 (2024: RMB238,000) and the share of tax charge attributable to associates of approximately RMB486,000 (2024: RMB1,024,000) are included in "Share of loss of associates and joint ventures" in the consolidated statement of profit or loss.

11. INCOME TAX EXPENSES (CONTINUED)

The tax charge for the year can be reconciled to the profit (loss) before tax per consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Profit (loss) before tax	**82,649**	(497,774)
Tax at the applicable tax rate of 25% (2024: 25%)	**20,662**	(124,444)
Income tax on concessionary rates	**(25,153)**	(110,196)
Adjustments in respect of current tax of previous periods	**3,994**	1,972
Effect on opening deferred tax of changes in rate	**(50,064)**	–
Profits and losses attributable to joint ventures and associates	**19,120**	17,111
Super-deduction of research and development expenses	**(82,171)**	(81,055)
Income not subject to tax	**(17,985)**	(14,059)
Expenses not deductible to tax	**31,107**	65,628
Tax effect of unused tax losses not recognised	**101,508**	191,765
Tax losses utilised from previous periods	**(46,123)**	(11,495)
Temporary differences not recognised	**54,648**	130,686
LAT	**11,937**	–
Tax charge at the Group's effective rate	**21,480**	65,913

Details of deferred tax are set out in note 25.

12. DIVIDENDS

Dividends paid during the year:	2025 RMB'000	2024 RMB'000
2024 Final dividends (HK6.0 cents per ordinary share)	**80,964**	–
2024 Interim dividends (HK1.0 cent per ordinary share)	**–**	13,332
2023 Final dividends (HK6.0 cents per ordinary share)	**–**	82,332
	80,964	95,664

Subsequent to the end of the reporting period, the Board recommends the payment of a final dividend of HK3.6 cents per ordinary share for the year ended 31 December 2025 to the shareholders of the Company ("**Shareholders**"), subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company ("**2026 AGM**"). The proposed final dividend is expected to be paid on or about Tuesday, 21 July 2026.

The final dividend proposed after the reporting period has not been recognised as liabilities in the consolidated financial statements.

13. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to equity holders of the parent is based on:

	2025 **RMB'000**	2024 RMB'000
Earnings (loss)		
Profits (loss) for the year attributable to equity holders of the parent, used in basic and diluted earnings (loss) per share calculation	**31,420**	(253,949)

	Number of shares **2025**	 2024
Number of shares		
Weighted average number of shares in issue less shares held under the RSA Scheme during the year, used in the basic earnings (loss) per share calculation	**1,479,653,394**	1,476,659,150
Effect of dilution potential ordinary shares:		
RSA Scheme	**6,282,183**	–
Weighted average number of shares in issue less shares held under the RSA Scheme during the year, used in the diluted earnings (loss) per share calculation	**1,485,935,577**	1,476,659,150

The computation of diluted earnings (loss) per share attributable to equity holders of the parent for the year ended 31 December 2025 and 2024, does not assume the exercise of the share options issued by the Company as the respective exercise prices of those share options were higher than the respective average market prices for shares.

The computation of diluted loss per share attributable to equity holders of the parent for the year ended 31 December 2024, did not assume the exercise of the potential ordinary shares under RSA Scheme issued by the Company since it would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025:						
Cost	749,440	150,672	308,978	5,641	4,721	1,219,452
Accumulated depreciation	(162,338)	(113,323)	(242,368)	(4,404)	–	(522,433)
Net carrying amount	587,102	37,349	66,610	1,237	4,721	697,019
At 1 January 2025, net of accumulated depreciation	587,102	37,349	66,610	1,237	4,721	697,019
Additions	6,075	9,044	32,284	3,486	145	51,034
Disposals	(400)	(23)	(3,734)	(1,113)	–	(5,270)
Transfers	–	315	–	–	(315)	–
Depreciation provided for the year	(19,209)	(19,651)	(23,847)	(479)	–	(63,186)
Exchange realignment	(2,888)	(1,524)	117	(32)	–	(4,327)
At 31 December 2025, net of accumulated depreciation	570,680	25,510	71,430	3,099	4,551	675,270
At 31 December 2025:						
Cost	749,190	150,462	313,870	7,098	4,551	1,225,171
Accumulated depreciation	(178,510)	(124,952)	(242,440)	(3,999)	–	(549,901)
Net carrying amount	570,680	25,510	71,430	3,099	4,551	675,270

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Leasehold improvements RMB'000	Fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:						
Cost	746,980	140,102	339,680	6,085	4,521	1,237,368
Accumulated depreciation	(145,765)	(95,745)	(252,324)	(4,849)	–	(498,683)
Net carrying amount	601,215	44,357	87,356	1,236	4,521	738,685
At 1 January 2024, net of accumulated depreciation	601,215	44,357	87,356	1,236	4,521	738,685
Additions	1,671	15,025	9,743	389	586	27,414
Disposals	–	(221)	(5,903)	(29)	–	(6,153)
Transfers	–	173	213	–	(386)	–
Depreciation provided for the year	(15,825)	(22,161)	(25,558)	(374)	–	(63,918)
Exchange realignment	41	176	759	15	–	991
At 31 December 2024, net of accumulated depreciation	587,102	37,349	66,610	1,237	4,721	697,019
At 31 December 2024:						
Cost	749,440	150,672	308,978	5,641	4,721	1,219,452
Accumulated depreciation	(162,338)	(113,323)	(242,368)	(4,404)	–	(522,433)
Net carrying amount	587,102	37,349	66,610	1,237	4,721	697,019

At 31 December 2025, the Group's property, plant and equipment with net carrying amount of approximately RMB139,802,000 (2024: RMB89,815,000) were pledged to secure certain bank loans of the Group (note 35).

15. INVESTMENT PROPERTIES

The movements in the Group's investment properties and the reconciliation of level 3 fair value measurement on a recurring basis are as follows:

	2025 RMB'000	2024 RMB'000
Fair value		
As at 1 January	**4,481,252**	4,527,861
Addition	**2,309**	–
Transfer from completed properties held for sale	**90,087**	–
Transfer to assets classified as held for sale	**–**	(39,092)
Net gain (loss) in fair value recognised in profit or loss	**11,688**	(7,517)
As at 31 December	**4,585,336**	4,481,252

The Group's investment properties are situated in Mainland China and are held under medium term operating leases to earn rentals or for capital appreciation.

The directors of the Company have determined that the investment properties consist of one class of asset, commercial properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 and 2024 based on valuations performed by Savills Real Estate Valuation (Guangzhou) Ltd. Beijing Branch and Shanghai PG Advisory Co., Ltd., independent professionally qualified valuers not connected to the Group. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 42.

At 31 December 2025, the Group's investment properties with a carrying value of RMB2,944,755,000 (2024: RMB2,963,912,000) were pledged to secure certain bank loans of the Group (note 35).

15. INVESTMENT PROPERTIES (CONTINUED)

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the inputs to fair value measurements is observable is as follows:

	(Level 1) RMB'000	(Level 2) RMB'000	(Level 3) RMB'000	Fair value Total 2025 RMB'000
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**4,585,336**	**4,585,336**

	(Level 1) RMB'000	(Level 2) RMB'000	(Level 3) RMB'000	Fair value Total 2024 RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	4,481,252	4,481,252

There were no transfers between levels of fair value hierarchy during the years ended 31 December 2025 and 2024.

The following table gives information about how the fair values of the investment properties as at 31 December 2025 and 2024 are determined (in particular, the valuation techniques and inputs used):

	Valuation techniques and key inputs	Significant unobservable inputs	Range or weighted average 2025	Range or weighted average 2024
Completed investment properties				
–Business properties	Discounted cash flow method – by taking into account the current rents and the reversionary potential of the tenancies	Estimated rental value (per s.q.m. and per month)(RMB)	**From 24 to 281**	From 20 to 322
		Long term vacancy rate	**From 6% to 20%**	From 5% to 20%
		Discount rate	**From 4% to 6.5%**	From 5% To 6.5%
	Market comparison approach – by reference to recent selling price of comparable properties and adjusted to reflect the size and location of the property	Discount on size and location	**From 1% to 5%**	From 1.1% to 5%

The Group has determined that the highest and best use of the commercial properties at the measurement date is their current use in estimating the fair value of the properties. There have been no other changes from the valuation technique used in the prior year.

A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the discount rate and an opposite change in the long term vacancy rate.

A significant increase (decrease) in the discount on size and location in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

16. RIGHT-OF USE ASSETS

Movement of the Group's right-of-use assets is as below:

	Land RMB'000	Building RMB'000	Total RMB'000
At 1 January 2024	42,434	120,005	162,439
Additions	–	72,210	72,210
Termination of leases	–	(13,699)	(13,699)
Depreciation	(1,143)	(81,767)	(82,910)
At 31 December 2024 and 1 January 2025	**41,291**	**96,749**	**138,040**
Additions	**–**	**41,392**	**41,392**
Termination of leases	**–**	**(4,676)**	**(4,676)**
Depreciation	**(1,143)**	**(72,432)**	**(73,575)**
At 31 December 2025	**40,148**	**61,033**	**101,181**

As at 31 December 2025 and 2024, right-of-use assets of RMB40,148,000 (2024: RMB41,291,000) represent land use rights located in the PRC.

As at 31 December 2025, the Group's land use rights with a carrying value of approximately RMB11,986,000 (2024: RMB12,374,000) were pledged to secure certain bank loans of the Group (note 35).

The Group has lease arrangements for buildings (office properties and warehouse). The lease terms generally ranged from two to five years.

17. LEASES

(i) Lease liabilities

	2025 RMB'000	2024 RMB'000
Non-current	**17,485**	37,450
Current	**42,396**	56,659
	59,881	94,109

17. LEASES (CONTINUED)

(i) Lease liabilities (Continued)

Amounts payable under lease liabilities	**2025 RMB'000**	2024 RMB'000
Within one year	**42,396**	56,659
After one year but within two years	**16,857**	24,264
After two years but within five years	**628**	13,186
	59,881	94,109
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(42,396)**	(56,659)
Amount due for settlement after 12 months	**17,485**	37,450

During the year ended 31 December 2025, the Group entered into a number of new lease agreements for building and recognised lease liabilities of RMB41,392,000 (2024: RMB72,210,000).

(ii) Amounts recognised in profit or loss

	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	**19,465**	5,636
Depreciation of right-of-use assets	**73,575**	82,910
Interest on lease liabilities	**3,250**	6,081

(iii) Others

At 31 December 2025 and 2024, the Group did not have committed lease agreements that were not yet commenced.

During the year ended 31 December 2025, the total cash outflow for leases amounted to RMB93,607,000 (2024: RMB94,746,000).

During the year ended 31 December 2025, the Group early terminated certain lease contacts, the respective right-of-use assets and lease liabilities of RMB4,676,000 (2024: RMB13,699,000) and RMB4,728,000 (2024: RMB13,343,000) respectively are derecognised accordingly and the related gain on early termination of RMB52,000 (2024: loss on early termination of RMB356,000) is recognised in the profit or loss.

Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of RMB59,881,000 (2024: RMB94,109,000) are recognised with related right-of-use assets of RMB61,033,000 (2024: RMB96,749,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. GOODWILL

The amount of goodwill capitalised as an asset, arising from the acquisition of subsidiaries, was as follows:

	2025 RMB'000	2024 RMB'000
Cost		
At 1 January and 31 December	**2,080,120**	2,080,120
Impairment:		
At 1 January	**955,015**	590,411
Impairment loss recognised during the year	**114,001**	364,604
At 31 December	**1,069,016**	955,015
Net carrying amount	**1,011,104**	1,125,105

For the purpose of impairment assessment, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2025 RMB'000	2024 RMB'000
Rural information services	**46,059**	140,351
Mobile network optimisation and big data services for communications	**872,377**	872,377
Data integration and management software sales	**70,877**	70,877
Agricultural internet of things services	**–**	9,902
Technical services	**10,765**	10,765
Cloud services	**11,026**	20,833
Total	**1,011,104**	1,125,105

18. GOODWILL (CONTINUED)

Impairment testing of goodwill

Rural information services CGU

During the year ended 31 December 2025, the Group recognised an impairment loss of RMB94,292,000 (2024:RMB319,763,000) in relation to goodwill arising from the acquisition of 北京中農信達信息技術有限公司 ("**Zhongnong Xinda**") (an indirect non-wholly owned subsidiary of the Company) as the recoverable amount as of 31 December 2025 is lower than the carrying amount of the CGU after taking into consideration of factors such as the deteriorated industry environment and actual operating conditions and future business plans. The calculation of the recoverable amount as of 31 December 2025 was based on valuation by an independent valuer using the discounted cash flow method, which is commonly adopted for impairment assessment of CGU. The recoverable amount of the rural information services CGU is determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management of Zhongnong Xinda. Major inputs used in such valuation include a discount rate of 11.3% applied to cash flow projections (2024: 10.8%), and cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% (2024: 1.1%). Other key assumptions for the value in use calculations of the rural information services CGU relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the rural information services CGU's past performance and management's expectations for the market development and the uncertain economic environment, which are subject to higher degree to estimation uncertainties. There has been no material changes in the valuation methods, inputs or assumptions in the valuation of the recoverable amount of such CGU as of 31 December 2025 and 31 December 2024.

Mobile network optimisation and big data services for communications CGU

The recoverable amount of the mobile network optimisation and big data services for communications CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 10.4% (2024: 10.6%) and cash flows beyond the five-year period are extrapolated using a growth rate of 1.8% (2024: 1.8%).

Data integration and management software sales CGU

The recoverable amount of the data integration and management software sales CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 16.9% (2024: 16.0%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2.0% (2024: 2.5%).

Agricultural internet of things services CGU

During the year ended 31 December 2025, the Group recognised an impairment loss of RMB9,902,000 (2024: RMB9,922,000) in relation to goodwill arising on acquisition of 北京旗碩基業科技股份有限公司 as the recoverable amount is lower than the carrying amount of the CGU.

The recoverable amount of the agricultural internet of things services CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 10.0% (2024: 10.5%) and cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% (2024: 1.1%).

Technical services CGU

During the year ended 31 December 2024, the Group recognised an impairment loss of RMB5,919,000 (2025: nil) in relation to goodwill arising on acquisition of 西安遠景信息技術有限公司 as the recoverable amount is lower than the carrying amount of the CGU.

The Group has two CGUs related to technical services. The recoverable amount of the technical services CGU is determined based on value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to cash flow projections are ranging from 17.6% (2024: 9.51% and 16.5%) and cash flows beyond the five-year period are extrapolated using growth rate ranging 2.0% (2024: 1.1% and 2.5%).

18. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Cloud Services CGU

During the year ended 31 December 2025, the Group recognised an impairment loss of RMB9,807,000 (2024: nil) in relation to goodwill arising on acquisition of 北京雲核網絡技術有限公司 as the recoverable amount is lower than the carrying amount of the CGU.

The recoverable amount of the Cloud Services CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 10.7% (2024: 10.9%) and cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% (2024: 1.1%).

Key assumptions

Key assumptions were used in the value in use calculations, the following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The increase in budgeted gross margin will increase the value in use of a CGU, vice versa.

Discount rate — The discount rate used reflects specific risks relating to the CGU. The increase in discount rate will decrease the value in use of a CGU, vice versa.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Management believes that any reasonably possible change in any of these inputs would not cause the carrying amount of the individual CGU to exceed the recoverable amount of the individual CGU.

19. OTHER INTANGIBLE ASSETS

	Patents and licences RMB'000	Deferred development costs RMB'000	Systems software RMB'000	Total RMB'000
At 1 January 2025:				
Cost	21,623	64,561	599,796	685,980
Accumulated amortisation and impairment	(17,603)	–	(406,382)	(423,985)
Net carrying amount	4,020	64,561	193,414	261,995
Cost at 1 January 2025, net of accumulated amortisation and impairment	4,020	64,561	193,414	261,995
Additions	–	47,830	3,615	51,445
Amortisation provided for the year	(167)	–	(93,555)	(93,722)
Transfers	–	(71,682)	71,682	–
At 31 December 2025	3,853	40,709	175,156	219,718
At 31 December 2025:				
Cost	21,623	40,709	675,093	737,425
Accumulated amortisation and impairment	(17,770)	–	(499,937)	(517,707)
Net carrying amount	3,853	40,709	175,156	219,718

19. OTHER INTANGIBLE ASSETS (CONTINUED)

	Patents and licences RMB'000	Deferred development costs RMB'000	Systems software RMB'000	Total RMB'000
At 1 January 2024:				
Cost	21,623	68,339	490,953	580,915
Accumulated amortisation and impairment	(17,372)	–	(327,963)	(345,335)
Net carrying amount	4,251	68,339	162,990	235,580
Cost at 1 January 2024, net of accumulated amortisation and impairment	4,251	68,339	162,990	235,580
Additions	–	62,964	42,101	105,065
Amortisation provided for the year	(231)	–	(78,419)	(78,650)
Transfers	–	(66,742)	66,742	–
At 31 December 2024	4,020	64,561	193,414	261,995
At 31 December 2024:				
Cost	21,623	64,561	599,796	685,980
Accumulated amortisation and impairment	(17,603)	–	(406,382)	(423,985)
Net carrying amount	4,020	64,561	193,414	261,995

20. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	**56,439**	42,538
Goodwill on acquisition	**19,384**	19,384
	75,823	61,922
Less: accumulated impairment	**(20,000)**	(20,000)
	55,823	41,922

Details of the Group's balances with joint ventures are disclosed in notes 29, 30, 33 and 34.

All the joint ventures have been accounted for using the equity method in these consolidated financial statements.

In the opinion of the directors of the Company, all joint venture of the Group are not individually material and to give details of joint ventures would result in particulars of excessive length.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information and carrying amount of the Group's interests in joint ventures that are not individually material and are accounted for using the equity method:

	2025 **RMB'000**	2024 RMB'000
Aggregate carrying amount of the Group's interests in joint ventures	**55,823**	41,922
Share of the joint ventures' loss and other comprehensive expenses for the year	**(5,986)**	(1,894)

21. INTERESTS IN ASSOCIATES

	2025 **RMB'000**	2024 RMB'000
Share of net assets	**324,697**	398,400
Goodwill on acquisition	**320,946**	320,946
	645,643	719,346
Less: accumulated impairment	**(472,044)**	(500,740)
	173,599	218,606
Analysed into:		
Unlisted shares	**126,032**	218,606
Shares listed in Hong Kong (Note)	**47,567**	–
	173,599	218,606

Note:

The Group considers that it has significant influence in HC Group Inc. ("HCI") even though it owns 19.37% (2024: 19.37%) ownership interest and voting power taking into account 1) the Group is the single largest shareholder and such ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation on the board of directors; 3) right to participate in the policy-making process, including dividends and other distribution; and 4) the representative of the Group is a member of significant committees of HCI.

The Group's interests in all the associates are held through the subsidiaries of the Company.

All the associates have been accounted for using the equity method in the consolidated financial statements.

The details of the Group's balances with associates are disclosed in notes 29 and 33.

The management of the Group conducted a review on the recoverable amount of its interests in associates by reference to the higher of value in use and fair value less cost of disposal of the associates and considered a reversal of impairment loss of RMB28,696,000 is recognised for the year ended 31 December 2025 (2024: impairment loss of RMB23,784,000).

21. INTERESTS IN ASSOCIATES (CONTINUED)

Significant changes in interest in associates

(i) Financial information of associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of the Group's investments in associates that are not individually material, net of accumulated impairment	**173,599**	218,606
Share of the associates' loss and total comprehensive expense for the year	**(72,282)**	(68,319)
Dividend received from associates during the year	**240**	240

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise:

	2025 RMB'000	2024 RMB'000
Equity instruments designated as at FVTOCI		
Unlisted equity investments	**287,173**	362,361

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of the fair value of these investments are disclosed in note 49.

During the year ended 31 December 2025, the Group has disposed certain unlisted equity investments at consideration of RMB11,020,000 (2024: RMB6,130,000) and reclassified an investment with a carrying amount of nil (2024: RMB285,244,000) to assets held for sale. Details of the assets held for sales are disclosed in note 28.

23A. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted wealth management financial products (note)	**240,544**	317,658
Analysis by:		
Current portion	**156,898**	183,198
Non-current portion	**83,646**	134,460
	240,544	317,658

Note:

The wealth management financial products as at 31 December 2025 and 2024 were acquired from reputable banks or financial institutions in the PRC. The financial products with short maturities ranging from 3 months to 6 months are classified as current assets, while financial products with maturities more than 12 months are classified as non-current assets.

During the year ended 31 December 2024, the Group has disposed of certain listed equity securities at consideration of RMB72,922,000 (2025: nil).

Details of the fair value of these investments are disclosed in note 49.

23B. FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost comprise:

	2025 RMB'000	2024 RMB'000
Time deposits (note)	**213,703**	–
Analysis by:		
Current portion	**10,982**	–
Non-current portion	**202,721**	–
	213,703	–

Note:

The time deposits were acquired from reputable banks in the PRC with original maturity more than three months and carried fixed interest rate ranging from 1.9% to 3.6% per annum.

24. FINANCE LEASE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Finance lease receivables	**20,519**	26,512
Less: loss allowance	**(7,094)**	(7,094)
	13,425	19,418

The Group provides finance leasing services on certain equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to three years. The Group's finance lease arrangements do not include variable payments.

	Minimum lease payments	
	2025 **RMB'000**	2024 RMB'000
Net finance lease receivables:		
Due with one year	**6,068**	24,868
More than one year	**9,055**	–
Less: unearned finance income	**(1,698)**	(5,450)
Present value of minimum lease payment receivables	**13,425**	19,418

The movement in the loss allowance of finance lease receivables is as follows:

	2025 **RMB'000**	2024 RMB'000
At the beginning and the end of year	**7,094**	7,094

The directors of the Company estimate the loss allowance on finance lease receivables individually at the end of the reporting period at an amount equal to lifetime ECL under the simplified approach. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of the pledged equipment held over these finance lease receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

As at 31 December 2025 and 2024, finance lease receivables were secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

25. DEFERRED TAX

The following is the analysis of the deferred tax assets and liabilities, after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	**271,778**	224,338
Deferred tax liabilities	**(522,067)**	(504,237)
	(250,289)	(279,899)

The movements in deferred tax assets and liabilities during the year are as follows:

	Asset provisions RMB'000	Revaluation of properties RMB'000	Assets revaluation RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	194,821	(378,244)	15,248	(21,332)	21,771	(68,488)	(236,224)
Deferred tax (charged) credited to other comprehensive income (note 11)	(23,283)	1,879	5,952	3,642	(4,312)	(3,368)	(19,490)
Deferred tax charged to other comprehensive income	–	–	(24,185)	–	–	–	(24,185)
As at 31 December 2024	**171,538**	**(376,365)**	**(2,985)**	**(17,690)**	**17,459**	**(71,856)**	**(279,899)**
Deferred tax (charged) credited to profit or loss (note 11)	**(7,324)**	**(2,922)**	**(5,773)**	**8,924**	**(7,815)**	**(18,139)**	**(33,049)**
Effect on opening deferred tax of changes in rate	**52,027**	**–**	**(31)**	**(648)**	**661**	**(1,945)**	**50,064**
Deferred tax charged to other comprehensive income	**–**	**–**	**12,595**	**–**	**–**	**–**	**12,595**
As at 31 December 2025	**216,241**	**(379,287)**	**3,806**	**(9,414)**	**10,305**	**(91,940)**	**(250,289)**

The Group's tax losses arising in Mainland China of RMB1,311,496,000 (2024: RMB1,136,437,000) which are due to expire within five years for offsetting against future taxable profits of the subsidiaries in which the losses arose, have not been recognised as deferred tax assets. Certain deductible temporary differences of RMB2,575,872,000 (2024: RMB2,357,281,000) and the aforesaid tax losses have not been recognised as deferred tax assets since they have arisen in subsidiaries that have been making losses for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, the undistributed earnings of subsidiaries which deferred tax liabilities have not been recognised was RMB1,858,873,000 (2024: RMB1,856,783,000). No liability has been recognised in respect of the temporary differences associated with undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

26. INVENTORIES

	2025 **RMB'000**	2024 RMB'000
Trading stock	**990,162**	1,117,841

27. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are situated in Mainland China and are stated at lower of cost or net realisable value.

28. ASSETS CLASSIFIED AS HELD FOR SALE

	2024 RMB'000
Financial asset at fair value through other comprehensive income (note i)	285,244
Investment properties (note ii)	39,092
	324,336

Notes:

i. During the year ended 31 December 2024, the Group entered into an agreement with 內蒙古呼和浩特金谷農村商業銀行股份有限公司 (Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited) ("**Hohhot Jingu**"), pursuant to which the Group conditionally agreed to sell, and Hohhot Jingu conditionally agreed to purchase, the Group's entire 9.8% equity interests in Hohhot Jingu at a consideration of approximately RMB285,244,000. The investment in Hohhot Jingu, previously classified as financial asset at fair value through other comprehensive income. The disposal was completed in June 2025.

ii. During the year ended 31 December 2024, the Group entered into sales and purchases agreement with independent third parties, pursuant to which the Group would dispose certain investment properties. The consideration are expected to exceed the carrying amount of investment properties. The corresponding investment properties which are expected to be disposed within twelve months from the end of the reporting period, have been classified as asset classified as held for sale and is presented separately on the consolidated statement of financial position. The disposal of assets classified as held for sale was completed in March 2025.

29. ACCOUNTS AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Receivables at amortised cost comprise		
Accounts and bills receivables	**3,959,865**	4,308,918
Less: loss allowance	**(952,503)**	(917,649)
Total	**3,007,362**	3,391,269
Analysis by:		
Current portion	**2,952,098**	3,259,130
Non-current portion	**55,264**	132,139
	3,007,362	3,391,269

At as 1 January 2024, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB4,180,284,000.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 to 720 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's accounts and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. No customers represent more than 5% of the total accounts and bills receivables balance as at the end of the reporting periods. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances. Accounts and bills receivables are non-interest bearing.

Included in accounts and bills receivables is amounts due from a customers of RMB55,264,000 (2024: RMB132,139,000), net of loss allowance of RMB1,232,000 (2024: RMB17,206,000), of which will be settled after 12 months from the end of the reporting period as per agreed repayment schedule. The effective interest rate of this receivable is 4.20% to 5.79% (2024: 4.20% to 5.79%) per annum.

The following is an aged analysis of accounts and bills receivables net of allowance for impairment of accounts and bills receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 30 days	**1,706,946**	1,904,388
31 to 60 days	**223,367**	185,442
61 to 90 days	**108,864**	112,764
91 to 180 days	**206,441**	186,561
181 to 360 days	**265,037**	267,875
Over 360 days	**496,707**	734,239
	3,007,362	3,391,269

29. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Group measures the loss allowance for accounts and bills receivables at an amount equal to lifetime ECL under the simplified approach. The expected credit losses on accounts and bills receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group recognised lifetime ECL for accounts and bills receivables and performs impairment assessment under ECL model on trade receivables with credit-impaired individually, and the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the aging of outstanding balances.

As at 31 December 2025

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Individually	**100%**	**149,432**	**149,432**	**–**
Collectively				
Current (not past due)	**1%**	**2,053,308**	**21,249**	**2,032,059**
Less than 90 days past due	**4%**	**316,334**	**12,241**	**304,093**
91 to 180 days past due	**8%**	**216,060**	**16,557**	**199,503**
181 to 360 days past due	**19%**	**244,868**	**47,095**	**197,773**
361 to 720 days past due	**50%**	**548,270**	**274,336**	**273,934**
More than 721 days past due	**100%**	**431,593**	**431,593**	**–**
		3,959,865	**952,503**	**3,007,362**

As at 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Individually	100%	89,709	89,709	–
Collectively				
Current (not past due)	1%	2,406,046	35,478	2,370,568
Less than 90 days past due	6%	302,279	17,999	284,280
91 to 180 days past due	9%	220,833	20,253	200,580
181 to 360 days past due	24%	383,346	90,302	293,044
361 to 720 days past due	54%	528,506	285,709	242,797
More than 721 days past due	100%	378,199	378,199	–
		4,308,918	917,649	3,391,269

29. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The movements in loss allowance of accounts and bills receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	**917,649**	783,332
Impairment losses recognised	**38,676**	172,473
Write-off as uncollectible	**(5,994)**	(33,115)
Exchange realignment	**2,172**	(5,041)
At the end of year	**952,503**	917,649

Included in the Group's accounts and bills receivables are amounts due from joint ventures, associates and related companies (note 44(b)) of approximately RMB53,986,000 (2024: RMB61,362,000), net of loss allowances of RMB40,062,000 (2024: RMB44,687,000), RMB2,456,000 (2024: RMB2,896,000), net of loss allowances of RMB1,961,000 (2024: RMB1,985,000) and RMB40,561,000 (2024: RMB43,490,000), net of loss allowances of RMB1,759,000 (2024: RMB1,249,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

30. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Deposits and other receivables	(i)	**1,815,322**	1,894,874
Less: loss allowance		**(702,017)**	(617,647)
		1,113,305	1,277,227
Prepayments	(ii)	**311,408**	583,644
Loans to a joint venture	(iii)	**108,065**	108,065
		1,532,778	1,968,936
Analysis by:			
Current portion		**1,112,778**	1,528,936
Non-current portion		**420,000**	440,000
		1,532,778	1,968,936

30. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(i) As at 31 December 2025, included in Group's deposits and other receivables were loan receivables with a gross amount of approximately RMB1,005,022,000 (2024: RMB1,005,022,000).

As at 31 December 2025, the accumulative impairment loss of the aforesaid loan receivables amounted to RMB500,612,000 (2024: RMB480,612,000) resulting in net loan receivables of RMB504,410,000 (2024: RMB524,410,000).

Out of the aforesaid net loan receivables were amount of approximately RMB420,000,000 (2024: RMB440,000,000), that are not expected to be realised within 12 months from the end of the reporting period. As such, these balances were classified as non-current assets. For the remaining balance of the aforesaid net Loan receivables of approximately RMB84,410,000 (2024: RMB84,410,000), they were classified as current assets as the collaterals are expected to be realised within 12 months from the end of the reporting period. The loan receivables were secured by the properties of the borrowers.

(ii) As at 31 December 2025, included in the Group's prepayments were amounts prepayments to related companies of the Group of approximately RMB33,400,000 (2024: RMB4,189,000).

(iii) The balance is unsecured, bears interest at 4.52% (2024: 4.52%) per annum and are repayable within one year from the end of the reporting period.

The financial assets included in the above balances, other than the loan receivables, relate to receivables for which there was no recent history of default.

The movements in loss allowance of other receivables are as follows:

	2025	2024
	RMB'000	RMB'000
At the beginning of year	**617,647**	589,951
Impairment losses recognised	**84,370**	27,696
At the end of year	**702,017**	617,647

Details of impairment assessment of deposits and other receivables are set out in note 50.

For the purposes of impairment assessment for loans to joint ventures, the directors of the Company considered that these loans have low credit risk. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL which is considered not significant after taken into account the historical repayment history and the financial strength of the joint ventures.

31. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 RMB'000	2024 RMB'000
Contract assets	**4,385,189**	4,267,989
Less: loss allowance	**(464,713)**	(456,749)
	3,920,476	3,811,240

As at 1 January 2024, contract assets amounted to RMB3,598,309,000.

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of services provided. The contract assets are transferred to accounts and bills receivables when the rights become unconditional upon completion of services and acceptance by the customer.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL under the simplified approach. The movements in loss allowance of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	**456,749**	419,235
Impairment losses recognised	**7,964**	37,514
At the end of year	**464,713**	456,749

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Receipt in advance	**1,497,179**	1,800,142
Due to contract customers	**416,898**	464,098
Total contract liabilities	**1,914,077**	2,264,240

As at 1 January 2024, contract liabilities amounted to RMB2,271,193,000.

Contract liabilities include advances received to render services and unfulfilled performance obligation for contract customers.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB2,264,240,000 (2024: RMB2,271,193,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

32. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**3,936,836**	3,222,320
Time deposits with original maturity less than three months	**–**	4,000
	3,936,836	3,226,320
Less: Restricted bank balances	**(448,418)**	(83,479)
Cash and cash equivalents	**3,488,418**	3,142,841

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to RMB3,327,025,000 (2024: RMB3,051,572,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, bank deposits of approximately RMB413,261,000 (2024: Nil) were restricted by the court in the PRC in relation to a legal proceeding (Note 52(b)) and the remaining balance was used to secure the Group's banker facilities.

33. ACCOUNTS AND BILLS PAYABLES

The following is an aged analysis of accounts and bills payables presented based on the invoice date at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 30 days	**2,661,341**	1,698,294
31 to 60 days	**106,202**	256,520
61 to 90 days	**36,030**	207,013
Over 90 days	**1,122,453**	2,089,195
	3,926,026	4,251,022

The average credit period on purchases of goods is ranging from 30 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31 December 2025, included in the Group's accounts and bills payables were amounts due to joint ventures, associates and related companies of the Group of approximately RMB1,204,000 (2024: RMB1,517,000), RMB60,163,000 (2024: RMB101,095,000) and RMB233,469,000 (2024: RMB241,939,000), respectively, which are repayable on credit terms similar to those obtained from the major suppliers of the Group.

34. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables	**598,653**	551,662
Accruals	**317,270**	308,302
Payroll payables	**441,600**	376,517
Deposit received	**–**	19,246
Deferred income (note 45)	**1,193**	1,517
	1,358,716	1,257,244

Included in the Group's other payables are amounts due to joint ventures and related companies of RMB5,000,000 (2024: RMB5,000,000) and RMB16,985,000 (2024: RMB17,272,000) respectively.

At 31 December 2025 and 2024, other payables are unsecured and non-interest-bearing and have an average term of three months.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans, unsecured	**1,675,770**	1,042,080
Bank loans, secured	**1,722,837**	2,363,666
Other borrowing	**51,001**	76,991
	3,449,608	3,482,737
Analysed for reporting purpose as:		
Current	**2,070,763**	1,980,515
Non-current	**1,378,845**	1,502,222
	3,449,608	3,482,737

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Bank loans repayable (based on scheduled repayment dates set out in the loan agreements dates):		
Within one year	**2,019,762**	1,903,524
In the second year	**133,957**	118,377
In the third to fifth years, inclusive	**430,205**	435,026
Beyond five years	**814,683**	948,819
	3,398,607	3,405,746
Other borrowing repayable:		
Within one year	**51,001**	76,991
	3,449,608	3,482,737

	2025			2024		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, unsecured	**2.11–3.10**	**2026**	**1,665,770**	1.01–4.20	2025	1,042,080
Bank loans, secured	**2.50–3.55**	**2026**	**220,615**	1.50–4.00	2025	597,099
Current portion of long terms bank loans — unsecured	**2.40**	**2026**	**1,000**	–	–	–
Current portion of long term bank loans, secured	**3.00–5.30**	**2026**	**132,377**	3.10–5.30	2025	264,345
Other borrowing	**15**	**2026**	**51,001**	1.50–15	2025	76,991
			2,070,763			1,980,515
Non-current						
Bank loans, unsecured	**2.40**	**2027**	**9,000**	–	–	–
Bank loans, secured	**3.00–5.30**	**2027–2037**	**1,369,845**	3.10–5.30	2026–2037	1,502,222
			3,449,608			3,482,737

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The ranges of effective interest rates on the Group's bank borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	**2.11%–3.55%**	1.01%–4.65%
Variable-rate borrowings	**3.00%–5.30%**	1.50%–5.30%

As at 31 December 2025, the Group's borrowings carrying interest at floating rates and fixed rates amounted approximately to RMB1,502,222,000 (2024: RMB1,963,722,000) and RMB1,947,386,000 (2024: RMB1,519,015,000) respectively.

As at 31 December 2025 and 2024, the Group's bank and other borrowings are not subject to the fulfillment of covenants.

Notes:

(a) Certain of the Group's bank and other borrowings are secured by:

(i) mortgages over the buildings, which had an aggregate carrying value at the end of the reporting period of RMB139,802,000 (2024: RMB89,815,000) (note 14);

(ii) mortgages over investments properties, which had an aggregate carrying value at the end of the reporting period of RMB2,944,755,000 (2024: RMB2,963,912,000) (note 15);

(iii) mortgages over the land use rights, which had an aggregate carrying value at the end of the reporting period of RMB11,986,000 (2024: RMB12,374,000) (note 16); and

(iv) The Group's borrowings of approximately RMB50,000,000 (2024: RMB450,000,000) provided by certain financial institutions were secured by 9,100,000 (2024: 125,353,900) ordinary shares issued by DCITS with an aggregate fair value of RMB150,605,000 (2024: RMB1,403,964,000) as at 31 December 2025.

(b) At 31 December 2025, except for the bank borrowings of RMB136,143,000 (2024: RMB116,916,000) are denominated in Hong Kong dollars, the remaining bank and other borrowings are denominated in RMB.

36. SHARE CAPITAL

	2025 HK$'000	2024 HK$'000
Authorised:		
2,500,000,000 (2024: 2,500,000,000) ordinary shares of HK$0.1 (2024: HK$0.1) each	**250,000**	250,000

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
2025: 1,673,607,386 (2024: 1,673,607,386) ordinary shares of HK$0.1 (2024: HK$0.1) each	**163,826**	163,826

36. SHARE CAPITAL (CONTINUED)

A summary of the movements in the Company's issued share capital and share premium account during the years ended 31 December 2025 and 2024 is as follows:

	Number of ordinary shares in issue	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
1 January 2024, 31 December 2024 and 31 December 2025	**1,673,607,386**	**163,826**	**4,139,709**	**4,303,535**

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025 and 2024.

37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Asset revaluation reserve

The asset revaluation reserve represents cumulative gains and losses arising on property revaluation as a result of the change in use from owner-occupied properties to investment properties. Such items will not be reclassified to profit or loss in subsequent periods.

Investment revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in unlisted equity instruments of the Group and associates designated at FVTOCI.

Reserve funds

Reserve funds are reserves set aside in accordance with the relevant PRC regulations applicable to the Group's subsidiaries in Mainland China. These reserve funds can be used to offset accumulated losses but are not be distributable in the form of cash dividends.

Capital reserves

The capital reserve represents primarily the effects from change in shareholders' equity arising on group re-organisation and change in the Group's ownership interest in subsidiaries without losing control.

38. SHARE-BASED INCENTIVE SCHEMES

Share-based Incentive Schemes of the Company

(a) Share Option Scheme

The Company's share option scheme was adopted on 15 August 2011 (the "**2011 Share Option Scheme**").

The 2011 Share Option Scheme has a life span of ten years and has expired on 14 August 2021. Since then, no further share options can be granted under the 2011 Share Option Scheme.

The principal terms of the 2011 Share Option Scheme are as follows:

(I) Purpose

The 2011 Share Option Scheme seeks to recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons (as defined below) to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationships with the qualified persons whose contributions are or may be beneficial to the growth of the Group.

(II) Qualified persons

Any part-time or full-time employee or officer or director (including executive, non-executive or independent non-executive directors) of any member of the Group or of any associated company, or any supplier, partner, customer, joint venture partner, strategic alliance partner, distributor, professional adviser of, or consultant or contractor to, any member of the Group, or the trustee of any trust pre-approved by the board of directors of the Company, the beneficiary (or in case of discretionary trust, the discretionary objects) of which includes any of the above-mentioned persons.

(III) Maximum number of shares

The maximum number of shares of the Company available for issue under the 2011 Share Option Scheme was 85,316,600 (2024: 121,531,888), which represent 5.10% (2024: 7.26%) of share capital of the Company in issue as at the date of approval of the financial statements.

(IV) Maximum entitlement of each qualified person

The maximum number of shares of the Company issued and to be issued upon exercise of the options granted under the 2011 Share Option Scheme and any other share option schemes of the Company to each qualified person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors of the Company (except when the independent non-executive director is the grantee of such options).

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Scheme (Continued)

(IV) Maximum entitlement of each qualified person (Continued)

Any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must, in addition to obtaining the approval of the independent non-executive directors of the Company, be approved by the shareholders of the Company in a general meeting if such proposed grant of share options, when aggregated with all options (whether exercised, cancelled or outstanding) already granted to such substantial shareholder or independent non-executive director during the 12-month period up to and including the date of such grant of options, would (i) entitle that relevant person to receive more than 0.1% of the total issued share capital of the Company for the time being; and (ii) represent an aggregate value in excess of HK$5,000,000 based on the closing price of the shares of the Company on the Stock Exchange at the date of such grant.

(V) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the 2011 Share Option Scheme shall be the period set out in the relevant offer letter, provided that such period must expire on the date falling on the tenth anniversary of the offer date.

(VI) Acceptance of offers

An offer of the grant of an option shall be accepted by the grantee on or before the last date for acceptance of such offer as set out in the relevant offer letter, which must not be more than 28 business days from the relevant offer date. A consideration of HK$1.00 shall be received by the Company on acceptance of each offer.

(VII) Basis for determination of the subscription price

The subscription price shall be the highest of (a) the closing price of the shares on the offer date; (b) the average of the closing prices of the shares for the five business days immediately preceding the offer date; or (c) the nominal value of a share.

(VIII) Life of Share Option Schemes

The 2011 Share Option Scheme shall remain valid and effective for a period of ten years commencing from 15 August 2011, being the date on which the scheme was deemed to take effect in accordance with its terms and had expired on 14 August 2021.

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Scheme (Continued)

The following tables show the movements in the Company's share options granted under the 2011 Share Option Scheme according to dates of grant during the years ended 31 December 2025 and 2024, respectively:

Grantees	Number of share options: Outstanding as at 1/1/2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31/12/2025	Exercise price per share HK$	Closing price immediately before the date of grant HK$	Weighted average closing price of shares immediately before the date of share options being exercised during the year HK$	Date of grant	Exercisable period	Notes
Directors												
GUO Wei	13,116,974	–	–	–	(13,116,974)	–	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
GUO Wei	54,000,000	–	–	–	–	54,000,000	6.60	6.54	–	13/7/2020	(iv)	(v)
LIN Yang	13,116,974	–	–	–	(13,116,974)	–	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
LIN Yang	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
LIU Yun, John	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
KING William	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
Other employees	5,981,340	–	–	–	(5,981,340)	–	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
Other employees	1,000,000	–	–	–	–	1,000,000	4.818	4.87	–	21/5/2018	21/5/2019-20/5/2026	(iii)
Other employees	4,147,600	–	–	–	(1,000,000)	3,147,600	4.32	4.26	–	28/3/2019	28/3/2020-27/3/2027	(iii)
Other employees	2,000,000	–	–	–	–	2,000,000	4.04	3.95	–	2/9/2019	2/9/2020-1/9/2027	(iii)
Other employees	3,795,000	–	–	–	(650,000)	3,145,000	4.17	4.16	–	27/4/2020	27/4/2021-26/4/2028	(iii)
Other employees	1,319,000	–	–	–	(80,000)	1,239,000	4.48	4.27	–	11/6/2020	11/6/2021-10/6/2028	(iii)
Other employees	7,064,000	–	–	–	(1,000,000)	6,064,000	6.60	6.54	–	13/7/2020	(iv)	(v)
Other employees	1,302,000	–	–	–	–	1,302,000	6.60	6.54	–	13/7/2020	13/7/2021-12/7/2028	(iii)
Other employees	3,410,000	–	–	–	(130,000)	3,280,000	5.44	5.37	–	31/3/2021	31/3/2022-30/3/2029	(iii)
Other participants	1,000,000	–	–	–	–	1,000,000	5.44	5.37	–	31/3/2021	(viii)	(viii), (x)
Other employees	5,283,000	–	–	–	(1,140,000)	4,143,000	4.48	4.10	–	28/7/2021	28/7/2022-27/7/2029	(iii)
Other participants	1,000,000	–	–	–	–	1,000,000	4.48	4.10	–	28/7/2021	(ix)	(ix), (x)
In aggregate	121,531,888	–	–	–	(36,215,288)	85,316,600						
Exercisable at the end of the year						83,435,600						
Weighted average exercise price (HK$)	6,160	–	–	–	6,235	6,129						

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38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Scheme (Continued)

Grantees	Number of share options: Outstanding as at 1/1/2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31/12/2024	Exercise price per share HK$	Closing price immediately before the date of grant HK$	Weighted average closing price of shares immediately before the date of share options being exercised during the year HK$	Date of grant	Exercisable period	Notes
Directors												
GUO Wei	13,116,974	–	–	–	–	13,116,974	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
GUO Wei	54,000,000	–	–	–	–	54,000,000	6.60	6.54	–	13/7/2020	(iv)	(v)
LIN Yang	13,116,974	–	–	–	–	13,116,974	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
LIN Yang	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
LIU Yun, John	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
KING William	1,332,000	–	–	–	–	1,332,000	6.60	6.54	–	13/7/2020	(iv)	(v)
WONG Man Chung, Francis	1,332,000	–	–	–	(1,332,000)	–	6.60	6.54	–	13/7/2020	(iv)	(v), (xi)
NI Hong (Hope)	1,332,000	–	–	–	(1,332,000)	–	6.60	6.54	–	13/7/2020	(iv)	(v), (xi)
CHEN Timothy Yung-Cheng	500,000	–	–	–	(500,000)	–	4.82	4.81	–	16/7/2021	(vi)	(vii), (xi)
Other employees	5,981,340	–	–	–	–	5,981,340	6.394	6.73	–	25/1/2017	25/1/2017-24/1/2025	(i), (ii)
Other employees	1,999,000	–	–	–	(999,000)	1,000,000	4.818	4.87	–	21/5/2018	21/5/2019-20/5/2026	(iii)
Other employees	4,467,600	–	–	–	(320,000)	4,147,600	4.32	4.26	–	28/3/2019	28/3/2020-27/3/2027	(iii)
Other employees	2,000,000	–	–	–	–	2,000,000	4.04	3.95	–	2/9/2019	2/9/2020-1/9/2027	(iii)
Other employees	4,445,000	–	–	–	(650,000)	3,795,000	4.17	4.16	–	27/4/2020	27/4/2021-26/4/2028	(iii)
Other employees	1,319,000	–	–	–	–	1,319,000	4.48	4.27	–	11/6/2020	11/6/2021-10/6/2028	(iii)
Other employees	7,864,000	–	–	–	(800,000)	7,064,000	6.60	6.54	–	13/7/2020	(iv)	(v)
Other employees	1,332,000	–	–	–	(30,000)	1,302,000	6.60	6.54	–	13/7/2020	13/7/2021-12/7/2028	(iii)
Other employees	4,610,000	–	–	–	(1,200,000)	3,410,000	5.44	5.37	–	31/3/2021	31/3/2022-30/3/2029	(iii)
Other participants	1,000,000	–	–	–	–	1,000,000	5.44	5.37	–	31/3/2021	(viii)	(viii), (x)
Other employees	5,713,000	–	–	–	(430,000)	5,283,000	4.48	4.10	–	28/7/2021	28/7/2022-27/7/2029	(iii)
Other participants	1,000,000	–	–	–	–	1,000,000	4.48	4.10	–	28/7/2021	(ix)	(ix), (x)
In aggregate	129,124,888	–	–	–	(7,593,000)	121,531,888						
Exercisable at the end of the year						116,029,888						
Weighted average exercise price (HK$)	6.130	–	–	–	5.641	6.160						

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Scheme (Continued)

The following tables summarise the movements in the share options granted under the 2011 Share Option Scheme (by each class of grantees) during the years ended 31 December 2025 and 2024, respectively:

	Number of share options					
Class of grantees	**Outstanding as at 1 January 2025**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Lapsed during the year**	**Outstanding as at 31 December 2025**
Directors	**84,229,948**	**–**	**–**	**–**	**(26,233,948)**	**57,996,000**
Other employees	**35,301,940**	**–**	**–**	**–**	**(9,981,340)**	**25,320,600**
Sub-total	**119,531,888**	**–**	**–**	**–**	**(36,215,288)**	**83,316,600**
Other participants (Note (x))	**2,000,000**	**–**	**–**	**–**	**–**	**2,000,000**
Total	**121,531,888**	**–**	**–**	**–**	**(36,215,288)**	**85,316,600**

	Number of share options					
Class of grantees	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2024
Directors	87,393,948	–	–	–	(3,164,000)	84,229,948
Other employees	39,730,940	–	–	–	(4,429,000)	35,301,940
Sub-total	127,124,888	–	–	–	(7,593,000)	119,531,888
Other participants (Note (x))	2,000,000	–	–	–	–	2,000,000
Total	129,124,888	–	–	–	(7,593,000)	121,531,888

Notes:

(i) As a result of the rights issue which was completed on 18 September 2017, the exercise price was adjusted from HK$6.71 to HK$6.394 under the 2011 Share Option Scheme, and the numbers of outstanding share options were adjusted accordingly.

(ii) All options granted under the 2011 Share Option Scheme are exercisable in whole or in part at anytime during the exercisable period.

(iii) The options granted under the 2011 Share Option Scheme are subject to a vesting period of five years with 20% becoming exercisable on the first anniversary, 20% on the second anniversary, 20% on the third anniversary, 20% on the fourth anniversary and 20% on the fifth anniversary of the respective dates of grant.

(iv) Exercisable period is from the date of satisfaction of certain conditions to 12 July 2028. For details of the conditions please refer to Note (v).

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Scheme (Continued)

Notes: (Continued)

(v) The vesting and exercise of the share options shall be conditional upon the Group's audited net profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests achieving certain levels, as well as satisfaction of, among others, certain performance conditions (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) for the year ended 31 December 2020, 2021 and 2022 as set out in the relevant grant letters (if any). As certain of the conditions had been satisfied, the relevant portion of the share options was vested on the respective relevant dates.

(vi) Exercise period is from the date of satisfaction of certain conditions to 15 July 2029. For details of the conditions please refer to Note (vii).

(vii) The vesting and exercise of the share options shall be conditional upon the Group's audited net profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests achieving certain levels, as well as satisfaction of, among others, certain performance conditions (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) for the year ended 31 December 2021 and 2022 as set out in the relevant grant letters (if any). As certain of the conditions had been satisfied, the relevant portion of the share options was vested on the relevant date.

(viii) The vesting and exercise of the share options shall be conditional upon satisfaction of, among others, certain performance targets (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) as set out in the respective grant letters. Therefore, exercisable period is from the date of satisfaction of these conditions to 30 March 2029.

(ix) The vesting and exercise of the share options shall be conditional upon satisfaction of, among others, certain performance targets (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) as set out in the respective grant letters. Therefore, exercisable period is from the date of satisfaction of these conditions to 27 July 2029.

(x) Other participants mean service providers who provide services to the Group.

(xi) Mr. WONG Man Chung, Francis, Miss NI Hong (Hope) and Mr. CHEN Timothy Yung-cheng retired as Independent Non-executive Director upon the conclusion of the annual general meeting of the Company held on 27 June 2024.

No share options were granted to participants other than those set out in the tables above.

Share options granted to the participants under the 2011 Share Option Scheme do not confer rights on the grantees to dividends or to vote at general meetings.

During the year ended 31 December 2025, RMB820,000 (2024:RMB1,929,000) was recognized as share option expenses.

No share option was granted during 2025 and 2024 under the 2011 share option scheme.

As at 31 December 2025, the Company had 85,316,600 (2024: 121,531,888) share options outstanding under the 2011 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 85,316,600 (2024: 121,531,888) additional ordinary shares of the Company and additional share capital of approximately HK$8,531,000 (2024: HK$12,153,000) and share premium of approximately HK$514,342,000 (2024: HK$736,509,000) (before issue expenses and transfer of employee share-based compensation reserve).

At the date of approval of these financial statements, the Company had 85,296,600 (2024:85,716,600) share options outstanding under the 2011 Share Option Scheme, which represented approximately 5.10% (2024: 5.12%) of the Company's shares in issue as at that date.

During the years ended 31 December 2024 and 2025, no option is available for grant under the 2011 Share Option Scheme.

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(b) Restricted Share Award Scheme ("RSA Scheme")

The RSA Scheme was adopted on 28 March 2011 for the purpose of rewarding and motivating, among others, directors (including executive and non-executive) and employees or consultants of the Company and its subsidiaries (the "**Participants**") with the shares of the Company. The RSA Scheme is intended to attract and retain the best available personnel, and encourage and motivate the Participants to work towards enhancing the value of the Group and the Company's shares by aligning their interests with those of the shareholders of the Company. The RSA Scheme shall be valid and effective from the date of adoption until termination by the Board in accordance with the rules constituting the RSA Scheme.

Pursuant to the RSA Scheme, existing shares of the Company will be purchased by the trustee of the RSA Scheme from the market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the RSA Scheme. The shares of the Company granted under the RSA Scheme and held by the trustee until vesting are referred to as the restricted share units ("**RSUs**") and each RSU shall represent one ordinary share of the Company.

Pursuant to the rules of the RSA Scheme, no amount is payable on acceptance of the RSUs granted thereunder. Further, there is no limit on the maximum number of Restricted Shares which may be granted to a particular Participant at any one time or in aggregate.

Neither the Participants nor the trustee may exercise any of the voting rights in respect of any RSUs that have not yet been vested.

The Board may, at its sole discretion, determine which eligible participant(s) shall be entitled to receive grants of the RSUs under the RSA Scheme, together with the number of shares to which each selected eligible participant shall be entitled, and make the relevant grant of the RSUs to the selected eligible participants under the RSA Scheme, subject to such conditions as the Board may deem appropriate at its discretion. The RSUs would vest in a selected Participant in accordance with a vesting schedule which shall be determined by the Board in its sole discretion.

The Company shall comply with the relevant Listing Rules when granting the RSUs. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(b) Restricted Share Award Scheme ("RSA Scheme") (Continued)

The following tables below show the movements in the RSUs under the RSA Scheme according to dates of grant during the years ended 31 December 2025 and 2024, respectively:

	Number of RSUs									
Grantees	Outstanding as at 1/1/2025	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31/12/2025	Closing price Immediately before the date of grant HK$	Weighted average closing price of shares immediately before the vesting date for shares vested during the years HK$	Date of grant	Notes
Five highest paid employees										
Employees	–	–	–	–	–	–	N/A	N/A	N/A	
Sub-total	–	–	–	–	–	–				
Other employees										
Other employees	180,000	–	(180,000)	–	–	–	4.30	3.12	7/5/2020	(i)
Other employees	1,188,000	–	(594,000)	–	(4,000)	590,000	5.37	3.12	31/3/2021	(i)
Other employees	1,957,200	–	(652,400)	–	(176,000)	1,128,800	3.95	3.12	30/6/2022	(i)
Other participants	114,000	–	(38,000)	–	–	76,000	3.95	3.12	30/6/2022	(i), (iii)
Other employees	2,000	–	–	–	(2,000)	–	3.95	–	30/6/2022	(ii)
Other employees	36,000	–	(12,000)	–	–	24,000	3.15	3.12	30/9/2022	(i)
Other employees	94,200	–	(31,400)	–	(2,000)	60,800	3.70	3.12	7/12/2022	(i)
Other employees	48,000	–	(12,000)	–	–	36,000	3.89	3.12	31/03/2023	(i)
Other employees	1,322,400	–	(330,600)	–	(96,000)	895,800	3.03	3.12	30/06/2023	(i)
Other participants	40,000	–	(10,000)	–	(15,000)	15,000	3.03	3.12	30/06/2023	(i), (iii)
Other employees	1,600,000	–	(400,000)	–	(1,2000,000)	–	2.49	3.12	30/09/2023	(i)
Other employees	37,600	–	(9,400)	–	(19,200)	9,000	2.13	3.12	07/12/2023	(i)
Other participants	150,000	–	–	–	–	150,000	2.32	–	1/1/2024	(ii), (iii)
Other employees	3,126,200	–	(524,640)	–	(389,200)	2,212,360	2.95	3.12	30/09/2024	(i)
Other participants	45,000	–	–	–	–	45,000	2.95	–	30/09/2024	(i), (iii)
Other employees	94,000	–	(61,000)	–	(3,000)	30,000	2.95	3.12	30/09/2024	(ii)
Other participants	3,000	–	–	–	–	3,000	2.95	–	30/09/2024	(ii), (iii)
Other employees	285,000	–	–	–	(230,000)	55,000	3.77	–	30/11/2024	(i)
Other employees	–	320,000	–	–	–	320,000	2.82	–	30/11/2025	(iv)
Sub-total	10,322,600	320,000	(2,855,440)	–	(2,136,400)	5,650,760				
Total	10,322,600	320,000	(2,855,440)	–	(2,136,400)	5,650,760				

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(b) Restricted Share Award Scheme ("RSA Scheme") (Continued)

Grantee	Outstanding as at 1/1/2024	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31/12/2024	Closing price Immediately before the date of grant HK$	Weighted average closing price of shares immediately before the vesting date for shares vested during the years HK$	Date of grant	Notes
	Number of RSUs									
Five highest paid employees										
Employees	–	50,000	–	–	–	50,000	2.95	–	30/9/2024	(i)
Employees	2,000,000	–	(400,000)	–	–	1,600,000	2.49	2.98	30/9/2023	(i)
Sub-total	2,000,000	50,000	(400,000)	–	–	1,650,000				
Other employees										
Other employees	360,000	–	(180,000)	–	–	180,000	4.30	2.69	7/5/2020	(i)
Other employees	1,980,000	–	(660,000)	–	(132,000)	1,188,000	5.37	2.69	31/3/2021	(i)
Other employees	2,785,600	–	(696,400)	–	(132,000)	1,957,200	3.95	2.69	30/6/2022	(i)
Other participants	176,000	–	(44,000)	–	(18,000)	114,000	3.95	2.69	30/6/2022	(i), (iii)
Other employees	2,000	–	–	–	–	2,000	3.95	–	30/6/2022	(ii)
Other employees	128,000	–	(32,000)	–	(60,000)	36,000	3.15	2.69	30/9/2022	(i)
Other employees	125,600	–	(31,400)	–	–	94,200	3.70	2.69	7/12/2022	(i)
Other participants	160,000	–	(40,000)	–	(120,000)	–	3.70	2.69	7/12/2022	(i), (iii)
Other employees	60,000	–	(12,000)	–	–	48,000	3.89	2.84	31/03/2023	(i)
Other employees	27,000	–	(27,000)	–	–	–	3.89	2.84	31/03/2023	(ii)
Other employees	1,756,000	–	(351,200)	–	(82,400)	1,322,400	3.03	2.84	30/06/2023	(i)
Other participants	50,000	–	(10,000)	–	–	40,000	3.03	2.84	30/06/2023	(i), (iii)
Other employees	160,000	–	(32,000)	–	(128,000)	–	2.49	2.98	30/09/2023	(i)
Other employees	167,000	–	(23,400)	–	(106,000)	37,600	2.13	2.98	07/12/2023	(i)
Other participants	–	150,000	–	–	–	150,000	2.32	–	1/1/2024	(ii), (iii)
Other employees	–	3,076,200	–	–	–	3,076,200	2.95	–	30/09/2024	(i)
Other participants	–	45,000	–	–	–	45,000	2.95	–	30/09/2024	(i), (iii)
Other employees	–	94,000	–	–	–	94,000	2.95	–	30/09/2024	(ii)
Other participants	–	3,000	–	–	–	3,000	2.95	–	30/09/2024	(ii), (iii)
Other employees	–	285,000	–	–	–	285,000	3.77	–	30/11/2024	(i)
Sub-total	7,937,200	3,653,200	(2,139,400)	–	(778,400)	8,672,600				
Total	9,937,200	3,703,200	(2,539,400)	–	(778,400)	10,322,600				

Notes:

(i) Such RSUs are subject to a vesting period of five years with 20% being vested in January of the first year, 20% in January of the second year, 20% in January of the third year, 20% in January of the fourth year and 20% in January of the fifth year after the respective dates of grant.

(ii) Such RSUs shall be vested in January of the first year after the respective dates of grant.

(iii) Other participants represented service providers who provide services to the Group.

(iv) Such RSUs are subject to a vesting period of two years with 50% being vested in January of the first year and 50% in January of the second year after the respective dates of grant.

(v) No performance targets were set for RSUs shown in the above tables.

38. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(b) Restricted Share Award Scheme ("RSA Scheme") (Continued)

The following tables summarise the movements in the RSUs granted under the RSA Scheme to directors, other employees and other participants during the year ended 31 December 2025 and 2024, respectively:

	Number of RSUs					
Class of grantees	Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2025
Directors	–	–	–	–	–	–
Other employees	9,970,600	320,000	(2,807,440)	–	(2,121,400)	5,361,760
Sub-total	9,970,600	320,000	(2,807,440)	–	(2,121,400)	5,361,760
Other participants (Note (i))	352,000	–	(48,000)	–	(15,000)	289,000
Total	10,322,600	320,000	(2,855,440)	–	(2,136,400)	5,650,760

	Number of RSUs					
Class of grantees	Outstanding as at 1 January 2024	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2024
Directors	–	–	–	–	–	–
Other employees	9,551,200	3,505,200	(2,445,400)	–	(640,400)	9,970,600
Sub-total	9,551,200	3,505,200	(2,445,400)	–	(640,400)	9,970,600
Other participants (Note (i))	386,000	198,000	(94,000)	–	(138,000)	352,000
Total	9,937,200	3,703,200	(2,539,400)	–	(778,400)	10,322,600

Note (i): Other participants represented service providers who provide services to the Group.

The fair values of the RSUs granted under the RSA Scheme at granted date during the current year amount to approximately RMB813,000 (2024: RMB11,074,000). The fair value of RSUs was determined by the closing price of the Company's common stock on the date of grant.

During the current year, the Group recognised the total expenses of RMB5,193,000 (2024: RMB10,835,000) in relation to RSUs granted by the Company.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2025, the Group's indirect equity interests in DCITS was 40.39% (2024: 40.54%), the Group still retained its rights to nominate three out of the five non-independent directors of the board of directors of DCITS. Taking into account the Group's power to participate in the operational and financial activities of DCITS, distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, and the existence of any contractual arrangement among the shareholders and/or their beneficial shareholders, if any, the directors of the Company are of the view that the equity holdings in DCITS are dispersed in a way that other shareholders have not organised and the practical risk to organise their holdings to outvote the Group in the shareholders' meeting of DCITS is remote so that the Group's voting rights are sufficient to give it the practical ability to direct the relevant activities of DCITS unilaterally. Therefore, the directors of the Company are of the view that the Company still retains de facto control over DCITS.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
DCITS	**59.61%**	59.46%

	2025 **RMB'000**	2024 RMB'000
Profit (loss) for the year allocated to non-controlling interests:		
DCITS and its subsidiaries ("DCITS Group")	**24,544**	(309,336)
Accumulated balances of non-controlling interests at the reporting date:		
DCITS Group	**3,371,711**	3,339,982

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of DCITS Group. The amounts disclosed are before any intragroup eliminations:

	DCITS Group	
	2025	2024
	RMB'000	RMB'000
Revenue and other income	**13,191,983**	10,037,454
Total cost and expenses	**(13,152,829)**	(10,571,794)
Profit (loss) for the year		
– attributable to equity holders of DCITS Group	**48,716**	(522,162)
– attributable to non-controlling interest of DCITS Group	**(9,562)**	(12,178)
	39,154	(534,340)
Other comprehensive income for the year		
– attributable to equity holders of DCITS Group	**21,250**	115,890
– attributable to non-controlling interest of DCITS Group	**–**	–
	21,250	115,890
Total comprehensive income (expense) for the year		
– attributable to equity holders of DCITS Group	**69,966**	(406,272)
– attributable to non-controlling interest of DCITS Group	**(9,562)**	(12,178)
	60,404	(418,450)
Dividend paid to non-controlling interest	**–**	(18,235)
Current assets	**10,570,590**	9,864,626
Non-current assets	**1,928,555**	2,060,122
Current liabilities	**6,634,338**	6,085,282
Non-current liabilities	**77,586**	85,747
Net cash (used in) from operating activities	**(38,843)**	91,382
Net cash used in from investing activities	**(190,343)**	(196,386)
Net cash from financing activities	**607,000**	174,721
Net increase in cash and cash equivalents	**377,814**	69,717

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

			Non-cash changes				
	1 January 2025 RMB'000	Financing cash flows RMB'000	Finance costs incurred RMB'000	New lease recognised RMB'000	Termination of lease RMB'000	Exchange realignment RMB'000	31 December 2025 RMB'000
Interest-bearing bank and other borrowings	3,482,737	(27,826)	–	–	–	(5,303)	3,449,608
Interest payable	–	(112,625)	112,625	–	–	–	–
Lease liabilities	94,109	(74,142)	3,250	41,392	(4,728)	–	59,881
Other financial liability	870,155	–	42,000	–	–	–	912,155
	4,447,001	(214,593)	157,875	41,392	(4,728)	(5,303)	4,421,644

			Non-cash changes				
	1 January 2024 RMB'000	Financing cash flows RMB'000	Finance costs incurred RMB'000	New lease recognised RMB'000	Termination of lease RMB'000	Exchange realignment RMB'000	31 December 2024 RMB'000
Interest-bearing bank and other borrowings	3,283,422	183,737	–	–	–	15,578	3,482,737
Interest payable	–	(81,111)	81,111	–	–	–	–
Lease liabilities	118,271	(89,110)	6,081	72,210	(13,343)	–	94,109
Other financial liability	828,155	–	42,000	–	–	–	870,155
	4,229,848	13,516	129,192	72,210	(13,343)	15,578	4,447,001

41. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) Partial disposal of equity interest in a subsidiary without loss of control

During the year ended 31 December 2025, the Group disposed of 0.15% of its equity interest in DCITS at cash consideration of approximately RMB17,175,000. The difference between the change in non-controlling interest and the consideration paid arising from such transaction of approximately RMB8,783,000 was charged to capital reserve.

(b) Deemed acquisition of additional interests in non-wholly-owned subsidiaries

During the year ended 31 December 2024, DCITS repurchased in aggregate 5,579,073 shares from the public at an aggregate consideration of approximately RMB50,249,000, represented 0.57% of DCITS's issued capital as at 31 December 2024. This resulted in an increase of the Group's equity interest in DCITS by 0.24%.

The difference between the change in non-controlling interest and the consideration paid arising from such transaction of approximately RMB5,960,000 was charged to capital reserve.

(c) Others

During the year ended 31 December 2025, certain insignificant subsidiaries have been deregistered and resulted in a decrease in non-controlling interest of RMB3,104,000 (2024: RMB4,019,000) and net cash outflow of RMB1,084,000 (2024: net cash outflow of RMB2,030,000).

42. OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of ranging from one to ten years (2024: one to nine years). The terms of the leases generally also require the tenant to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2025 RMB'000	2024 RMB'000
Within one year	**184,115**	171,163
In the second year	**117,537**	105,498
In the third year	**66,299**	60,230
In the fourth year	**40,550**	42,372
In the fifth year	**28,246**	33,704
After five years	**77,567**	72,436
	514,314	485,403

43. COMMITMENTS

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for, in the consolidated financial statements:		
Land and buildings	**25,370**	20,419
Capital contributions payable to joint ventures	**48,450**	68,250
Capital contributions payable to associates	**–**	3,510
Capital contributions payable to financial assets at FVTOCI	**429**	429
	74,249	92,608

44. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties:

	Notes	**2025** **RMB'000**	2024 RMB'000
Transactions with joint ventures			
Provision of services from joint ventures	(ii)	**–**	236
Interest income on loans to joint ventures	(v)	**4,672**	4,772
Transactions with associates			
Sales of products to associates	(i)	**966**	2,975
Purchases of products from associates	(iii)	**–**	14,001
Provision of services to associates	(ii)	**3,727**	2,379
Provision of services by associates	(ii)	**347,499**	438,701
Rental income from associates	(iv)	**4,965**	4,863
Transactions with related companies (note (vi))			
Sales of products to related companies	(i)	**11,445**	16,779
Provision of services to related companies	(ii)	**356,473**	375,082
Purchases of products from related companies	(iii)	**62,531**	359,592
Provision of services by related companies	(ii)	**167,788**	134,891
Rental income from related companies	(iv)	**51,594**	52,894

Notes:

(i) The sales were made with reference to the listed price and conditions offered to the major customers of the Group.

(ii) The prices for the provision of services were determined at rates mutually agreed between the Group and the corresponding related parties.

(iii) The purchases were made at prices mutually agreed between the Group and the corresponding related parties with reference to the listed price and conditions offered by the related parties to their major customers.

(iv) The rental income was determined at rates mutually agreed between the Group and the corresponding related parties with reference to the market rental.

(v) The interest income is calculated with reference to market interest rates and included in revenue from financial services business.

(vi) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exerts significant influence to Digital China Group Co. Ltd.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

(i) Details of the Group's accounts and bills receivables due from the joint ventures, associates and other related parties as at the end of the reporting period are included in note 29.

(ii) Details of the loans to the joint ventures included in the Group's prepayments, deposits and other receivables as at the end of the reporting period are included in note 30.

(iii) Details of the Group's accounts and bills payables and other payables with the joint ventures and associates and other related parties as at the end of the reporting period are included in note 33 and 34 respectively.

(iv) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exerts significant influence to Digital China Group Co. Ltd.

(c) Compensation of key management personnel

The remuneration of key management personnel (executive directors and senior management) of the Company during the year was as follows:

	2025 **RMB'000**	2024 RMB'000
Short term employee benefits	**12,843**	9,977
Post-employment benefits	**102**	115
	12,945	10,092

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Further details of directors' and the chief executives' emoluments are included in note 9.

45. DEFERRED INCOME

	RMB'000
As at 1 January 2024	20,074
Government grants obtained	4,101
Credit to profit of loss	(8,895)
As at 31 December 2024 and 1 January 2024	**15,280**
Government grants obtained	**24,418**
Credit to profit of loss	**(15,390)**
As at 31 December 2025	**24,308**

	2025 RMB'000	2024 RMB'000
Analysed as:		
Current (note 34)	**1,193**	1,517
Non-current	**23,115**	13,763
	24,308	15,280

Government grants of approximately RMB71,937,000 (2024: RMB56,235,000) have been recognised as other income in the current year. Various government grants have been received for VAT refunds for the sale of self-developed software products approved by the tax authority in the People's Republic of China ("**PRC**"), the development of software products in Mainland China, and the investments in specific provinces in Mainland China for compensation of operating costs.

During the year ended 31 December 2025, deferred income of approximately RMB15,390,000 (2024: RMB8,895,000) has been recognised as other income upon fulfilment of the conditions attaching to these government assistances.

The remaining government grants recognised during the year ended 31 December 2025 of approximately RMB56,547,000 (2024: RMB47,340,000) represented government grants received for which there are no unfulfilled conditions and other contingencies attaching to these government assistances.

46. OTHER FINANCIAL LIABILITY

Pursuant to the capital contribution from non-controlling shareholders of 神旗數碼有限公司 ("**Shenqi Digital**") to the consolidated financial statements, a put option has been granted by 神州數碼軟件有限公司 ("**DC Software**") (being an indirect wholly-owned subsidiary of the Company), to 長春市金融控股集團有限公司 ("**Changchun Financial**") and 長春淨月高新技術產業開發區國有資產投資經營有限公司 ("**Changchun Jingyue**", collectively the "**Investors**").

If any of the triggering events occurs during the period when the investors hold equity interest in Shenqi Digital and before the listing of Shenqi Digital, the Investors shall be entitled to require the Group to purchase all or part of their equity interest in Shenqi Digital at the put price before 31 March 2026.

The Company will act as a guarantor in favour of the investors to guarantee the performance of such repurchase obligations of DC Software under the supplemental agreement.

The put price ("**Redemption Price**") is calculated at the amount paid by the Investors under the capital injection plus an interest of 6% per annum less the aggregate amount actually received by the Investors from any cash dividend declared and paid by Shenqi Digital or cash indemnity paid by DC Software and/or the Company during the period when the Investors hold equity interest in Shenqi Digital.

The put option constitutes a contract that contains an obligation for the Group to purchase its own equity instruments and gives rise to a redemption financial liability recognised at the present value of the Redemption Price and subsequently measured at amortised cost.

The movements in the redemption financial liability are as follow:

	2025 **RMB'000**	2024 RMB'000
At the beginning of year	**870,155**	828,155
Interest expense	**42,000**	42,000
At the end of year	**912,155**	870,155

As Shenqi Digital was not listed before 31 December 2025 (being one of the Triggering Events), the Investors become entitled to exercise the put option and the financial liability was classified as a current liability as at 31 December 2025. As set out in the Company's announcements dated 14 January 2026 and 16 January 2026, DC Software and the Investors entered into a repurchase memorandum in January 2026, pursuant to which DC Software agreed to purchase all of Investors' equity interest in Shengqi Digital ("**Sale Interests**") at the Redemption Price. The total consideration for the acquisition of the Sale Interests shall be approximately RMB914.01 million, which the Group paid in full in January 2026.

The exercise of the put option will not have any material impact on the business and operations of the Group. Immediately following the completion of the acquisitions of equity interests in Shenqi Digital pursuant to the put option granted to the two Investors (Changchun Financial and Changchun Jingyue), the Group's equity interests in Shenqi Digital will increase from approximately 83.65% to 94.5%. Shenqi Digital will continue to be accounted for as a subsidiary of the Company.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration and operation	Legal form	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2025		Percentage of equity attributable to the Company 2024		Principal activities
				Direct	Indirectly	Direct	Indirectly	
Digital China (BVI) Limited	British Virgin Islands	N/A	US$5,125	100	–	100	–	Investment holding
Digital China Limited	Hong Kong	N/A	HK$2	–	100	–	100	Investment holding
E-Olympic International Limited	British Virgin Islands	N/A	US$1	–	100	–	100	Patent holding
Grace Glory Enterprises Limited	British Virgin Islands	N/A	US$1	–	100	–	100	Investment holding
Instant Technology Logistics Limited	PRC/Mainland China	Limited liability company	RMB100,000,000	–	87.2	–	87.2	Provision of logistics services
Talent Gain Developments Limited	British Virgin Islands	N/A	US$1	–	100	–	100	Investment holding
Digital China Software Limited	PRC/Mainland China	Limited liability company	US$200,000,000	–	100	–	100	Investment holding
Digital China Xi'an Industrial Co., Limited	PRC/Mainland China	Limited liability company	RMB300,000,000	–	100	–	100	Development and construction of Science and Technology Park
Digital China (Nanjing) Information and Technology Park Limited	PRC/Mainland China	Limited liability company	HK$367,000,000	–	100	–	100	Development and construction of Science and Technology Park
Tianjin Digital China Financing Lease Co., Ltd.	PRC/Mainland China	Limited liability company	US$30,000,000	–	100	–	100	Finance lease business
Cellular Investments Limited	Hong Kong	N/A	HK$1	–	100	–	100	Investment holding
DC Cityverse Limited	Hong Kong	N/A	HK$400	–	83.65	–	82.99	Data processing and manpower outsourcing services
Shengqi Digital	PRC/Mainland China	Limited liability company	RMB125,842,617	–	83.65	–	82.99	Data integration and management software sales

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place of incorporation/ registration and operation	Legal form	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2025		Percentage of equity attributable to the Company 2024		Principal activities
				Direct	Indirectly	Direct	Indirectly	
DCITS	PRC/Mainland China	Limited liability company	RMB983,653,713	–	40.39*	–	40.54*	Systems integration services, software development and technical services
Digital China Jinxin Technology Co., Ltd.	PRC/Mainland China	Limited holding company	RMB200,000,000	–	40.39**	–	40.54**	Sales of financial specialised equipment
Beijing Zhongnong Xinda Information Technology Limited	PRC/Mainland China	Limited liability company	RMB100,000,000	–	40.39**	–	40.54**	Surveying service software sales
Digital China Advanced Systems Limited	Hong Kong	N/A	HK$531,750,000	–	40.39**	–	40.54**	Systems integration services
Nanjing Howso Technology Co., Ltd. ("**Howso Technology**")	PRC/Mainland China	Limited liability company	RMB102,340,000	–	40.35***	–	40.50***	Network optimisation services
北京雲核網絡技術有限公司	PRC/Mainland China	Limited liability company	RMB13,333,333	–	40.39**	–	40.54**	Provision of cloud application system services
昆山鹿鳴置業有限公司	PRC/Mainland China	Limited liability company	RMB50,000,000	–	100	–	100	Property investment and development
神州土地(北京)信息技術有限公司	PRC/Mainland China	Limited liability company	RMB10,000,000	–	40.39**	–	40.54**	Provision of rural agricultural internet services

* DCITS, a Shenzhen listed company, is accounted for as a subsidiary of the Group even though the Group has only a 40.39% (2024: 40.54%) equity interest in this company based on the factors explained in notes 4 and 39 to the consolidated financial statements. As at 31 December 2025, certain borrowings of the Group were secured by 9,100,000 (2024: 125,353,900) ordinary shares issued by DCITS with an aggregate fair value of RMB150,605,000 (2024: RMB1,403,964,000).

** These companies are wholly-owned subsidiaries of DCITS and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

*** Howso Technology is 99.90% owned subsidiary of DCITS and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

48. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost		
Accounts and bills receivables	**3,007,362**	3,391,269
Financial assets included in prepayments, deposits and other receivables	**913,844**	1,126,242
Time deposits	**213,703**	–
Finance lease receivables	**13,425**	19,418
Restricted bank balances	**448,418**	83,479
Cash and cash equivalents	**3,488,418**	3,142,841
	8,085,170	7,763,249
Financial assets at FVTPL		
Unlisted wealth management financial products	**240,544**	317,658
Financial assets at FVTOCI		
Unlisted equity investments designated as FVTOCI	**287,173**	362,361

Financial liabilities

	2025 RMB'000	2024 RMB'000
Financial liabilities at amortised cost		
Accounts and bills payables	**3,926,026**	4,251,022
Financial liabilities included in other payables and accruals	**1,031,395**	970,925
Interest-bearing bank and other borrowings	**3,449,608**	3,482,737
Other financial liability	**912,155**	870,155
	9,319,184	9,574,839

49. FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

Assets measured at fair value:

As at 31 December 2025:

	Fair value hierarchy			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at FVTPL – Unlisted wealth management financial products	**–**	**–**	**240,544**	**240,544**
Financial assets at FVTOCI – Unlisted equity investments	**–**	**–**	**287,173**	**287,173**

As at 31 December 2024:

	Fair value hierarchy			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at FVTPL – Unlisted wealth management financial products	–	–	317,658	317,658
Financial assets at FVTOCI – Unlisted equity investments	–	–	362,361	362,361

There were no transfers between all levels of fair values during the year ended 31 December 2025 and 2024.

The fair values of the wealth management products and unlisted equity investments were determined using the income approach or market approach and the significant unobservable inputs included discount rates, lack of marketability discount, growth rates, price to book ratio and enterprise value to sales. The lower the discount rates and the lack of marketability discount or the higher the growth rates, the price to book ratio and the enterprise value to sales, the higher the fair value.

49. FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The Group engaged an external valuation specialist to perform valuation of these investments where quoted market prices are not available. The management of the Group has discussion with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL and financial assets at FVTOCI on recurring basis:

	Unlisted wealth management financial products RMB'000	Unlisted equity investments RMB'000
As at 1 January 2024	268,669	721,071
Acquisition	484,957	–
Redemption	(385,457)	(6,129)
Transfer to assets classified as held for sale (note 28)	–	(285,244)
Total gains in profit or loss	(50,511)	–
Total losses in other comprehensive income	–	(68,442)
Exchange alignment	–	1,105
As at 31 December 2024 and 1 January 2025	**317,658**	**362,361**
Acquisition	**426,639**	**–**
Redemption	**(510,965)**	**(11,020)**
Total gains in profit or loss	**7,212**	**–**
Total losses in other comprehensive income	**–**	**(60,609)**
Exchange alignment	**–**	**(3,559)**
As at 31 December 2025	**240,544**	**287,173**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include accounts and bills receivables, other receivables, finance lease receivables, time deposits, restricted bank balances, cash and cash equivalents, financial assets at FVTPL, financial assets at FVTOCI, accounts and bills payables, other payables, interest-bearing bank and other borrowings and other financial liability. The main purpose of these financial instruments is to raise finance for the Group's capital expenditure and operations. The Group has various other financial assets and liabilities such as accounts and bills receivables and accounts and bills payables, which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (interest rate risk, currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates and foreign exchange rates.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the Group's bank and other borrowings with floating interest rates. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. It is the Group's policy to keep a balanced portfolio of its borrowings to manage both the cash flow and fair value interest rate risk.

At 31 December 2025, the Group's interest-bearing borrowings of RMB1,502,222,000 (2024: RMB1,963,723,000) bore interest at floating rates.

The Group currently did not have any interest hedging policy.

The Group is also exposed to cash flow interest rate risk in relation to its bank balances and time deposits. No sensitivity analysis is presented as the Group's bank balances were short-term in nature and charges in interest rate are not expected to have significant impact to the Group.

At 31 December 2025, the Group's interest-bearing bank balances and time deposits of RMB3,488,418,000 (2024: RMB3,138,841,000) and RMB nil (2024: RMB4,000,000) bore interest at floating rates respectively.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2024: 100 basis points) increase (decrease) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

	Increase (decrease) in basis points	**(Decrease) increase in profit before tax for the year RMB'000**
31 December 2025		
Borrowings with floating interest rates	**100**	**(15,022)**
Borrowings with floating interest rates	**(100)**	**15,022**

	Increase (decrease) in basis points	(Increase) decrease in loss before tax for the year RMB'000
31 December 2024		
Borrowings with floating interest rates	100	(19,637)
Borrowings with floating interest rates	(100)	19,637

Currency risk

The Group's foreign currency exposures mainly arise from net monetary liabilities in currencies other than the functional currencies of approximately RMB240,384,000 (2024: RMB166,236,000) as at 31 December 2025.

The sensitivity analysis below demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in respective functional currency exchange rates, with all other variables held constant of the Group's profit before tax. 1% (2024: 1%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

If respective functional currency weakens/strengthens 1% against respective foreign currency and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2025 would increase/decrease by approximately RMB2,404,000 (2024: RMB1,662,000). This is mainly attributable to the Group's exposure to foreign currency on its bank balances, accounts receivables, accounts payables and bank borrowings.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange should the need arise.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from cash and cash equivalents, restricted bank balances, accounts and bills receivables, contract assets, finance lease receivables and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For accounts and bills receivables, contract assets and finance lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL individually and collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables except for loan receivables with carrying amount of approximately RMB504,410,000 (2024: RMB524,410,000) in note 30(i), the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Management considered loans to joint ventures to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds, time deposits and wealth management products is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Since the Group only trades with recognised and creditworthy third parties, there is no requirement for collateral. Over 90% of the Group's customers and operations are located in Mainland China. Concentrations of credit risk are managed by industry sector and customer.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., accounts and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other available sources of finances. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				
	On demand or within 1 year RMB'000	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Accounts and bills payables	**3,926,026**	**–**	**–**	**3,926,026**	**3,926,026**
Financial liabilities included in other payables and accruals	**1,055,392**	**–**	**–**	**1,055,392**	**1,055,392**
Interest-bearing bank and other borrowings	**2,089,037**	**620,032**	**1,030,625**	**3,739,694**	**3,449,608**
Other financial liability	**922,626**	**–**	**–**	**922,626**	**912,155**
	7,993,081	**620,032**	**1,030,625**	**9,643,738**	**9,343,181**
Lease liabilities	**44,368**	**19,700**	**–**	**64,068**	**59,881**

	2024				
	On demand or within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Accounts and bills payables	4,251,022	–	–	4,251,022	4,251,022
Financial liabilities included in other payables and accruals	970,925	–	–	970,925	970,925
Interest-bearing bank and other borrowings	2,013,655	614,875	1,223,201	3,851,731	3,482,737
Other financial liability	–	922,626	–	922,626	870,155
	7,235,602	1,537,501	1,223,201	9,996,304	9,574,839
Lease liabilities	63,957	46,722	–	110,679	94,109

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. The Group's policy is to maintain the gearing ratio as low as possible. Net debt includes interest-bearing bank and other borrowings, accounts and bills payables, other payables and accruals, lease liabilities, less cash and cash equivalents and restricted bank balances. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2025	2024
	RMB'000	RMB'000
Interest-bearing bank and other borrowings	**3,449,608**	3,482,737
Accounts and bills payables	**3,926,026**	4,251,022
Other payables and accruals	**1,358,716**	1,257,244
Lease liabilities	**59,881**	94,109
Less: Cash and cash equivalents	**(3,488,418)**	(3,142,841)
Less: Restricted bank balances	**(448,418)**	(83,479)
Net debt	**4,857,395**	5,858,792
Equity attributable to equity holders of the parent	**5,750,936**	5,831,431
Total equity and net debt	**10,608,331**	11,690,223
Gearing ratio	**46%**	50%

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	**1,748,740**	1,823,693
Current assets		
Prepayments, deposits and other receivables	**3,235**	20,508
Amounts due from subsidiaries	**3,042,270**	3,263,332
Cash and cash equivalents	**69,746**	6,921
	3,115,251	3,290,761
Current liabilities		
Other payables and accruals	**13,021**	14,449
Amounts due to subsidiaries	**483,840**	417,215
Dividend payable	**217**	229
Interest-bearing bank borrowings	**306,758**	347,155
	803,836	779,048
Net current assets	**2,311,415**	2,511,713
Total assets less current liabilities	**4,060,155**	4,335,406
Capital and reserves		
Issued capital	**163,826**	163,826
Reserves (note)	**3,896,329**	4,171,580
Total equity	**4,060,155**	4,335,406

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: Movements in reserves

	Share premium account RMB'000	Contributed surplus RMB'000	Employee share trust RMB'000	Employee share-based compensation reserve RMB'000	Exchange reserve RMB'000	Retained Profits RMB'000	Total RMB'000
At 1 January 2024	4,139,709	500,541	(868,751)	207,560	(43,207)	254,609	4,190,461
Loss and total comprehensive expense for the year	–	–	–	–	–	(46,039)	(46,039)
Exchange difference arising on translation of financial statement from functional currency to presentation currency	–	–	–	–	123,567	–	123,567
Dividends paid	–	–	–	–	–	(95,664)	(95,664)
Share-based compensation	–	–	–	10,835	–	–	10,835
Contribution to employee shares trusts	–	–	(11,580)	–	–	–	(11,580)
Vesting of shares under the restricted share award scheme	–	–	12,118	(12,118)	–	–	–
At 31 December 2024 and 1 January 2025	**4,139,709**	**500,541**	**(868,213)**	**206,277**	**80,360**	**112,906**	**4,171,580**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(17,493)**	**(17,493)**
Exchange difference arising on translation of financial statement from functional currency to presentation currency	**–**	**–**	**–**	**–**	**(181,014)**	**–**	**(181,014)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(80,964)**	**(80,964)**
Share-based compensation	**–**	**–**	**–**	**5,193**	**–**	**–**	**5,193**
Contribution to employee shares trusts	**–**	**–**	**(973)**	**–**	**–**	**–**	**(973)**
Vesting of shares under the restricted share award scheme	**–**	**–**	**31,794**	**(31,794)**	**–**	**–**	**–**
At 31 December 2025	**4,139,709**	**500,541**	**(837,392)**	**179,676**	**(100,654)**	**14,449**	**3,896,329**

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to a corporate reorganisation in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, over the nominal value of the Company's shares issued in exchange therefore. Under the Companies Act of Bermuda (as amended) and the Bye-Laws of the Company, the contributed surplus can be distributed to the shareholders, provided that the Company will be able to pay its liabilities as they fall due, and subsequent to the distribution, the aggregate amount of its total liabilities as well as the issued share capital and premium is less than the realisable value of its assets.

The employee share-based compensation reserve comprises the fair value of options or RSUs granted under the share-based incentive schemes which are yet to be exercised, as further explained in the accounting policy for employee benefits in note 3 to the consolidated financial statements.

52. CONTINGENT LIABILITIES

(a) Patent Infringement Lawsuit Against Digital China Jinxin (Beijing) Technology Co., Ltd.

In March 2016, Shenzhen Yihua Computer Co., Ltd. (hereinafter referred to as "**Yihua**") initiated legal proceedings against Oki Electric Industry (Shenzhen) Co., Ltd. (hereinafter referred to as "**OKI**") and Digital China Jinxin (Beijing) Technology Co., Ltd. (hereinafter referred to as "**DC Jinxin**") in a patent infringement dispute. Yihua alleged that the defendants had violated its proprietary rights by infringing upon five utility patents. The patent numbers involved in the five cases are ZL201420112570.5, ZL201210385756.3, ZL201420060123.X, ZL200910108145.2, and ZL201420020564.7. Pursuant to the alleged infringements, Yihua sought judicial relief, demanding that OKI desist from the manufacturing, marketing, and promising sales of the products in question, while DC Jinxin was enjoined from selling and promising the sale of such products. Additionally, Yihua claimed monetary compensation for economic losses and reasonable expenses incurred in the protection of its rights, totaling RMB7 million from both OKI and DC Jinxin.

In January 2019, the Shenzhen Intermediate People's Court of Guangdong Province issued the first-instance judgment for the five cases, ordering OKI to desist from the production and sale of the infringing products and compensate RMB4.4 million. The judgement also ordered DC Jinxin to halt the sales and not to promise sales of such products and to compensate Yihua RMB1 million. The judgment dismissed all other claims advanced by Yi Hua.

OKI and DC Jinxin filed an appeal against the first-instance judgment. In December 2020, the Supreme People's Court rendered a civil ruling, which held that the five cases had failed to scrutinize the "OEM Supply Agreement" between OKI and Yi Hua. The Supreme People's Court determined that the initial factual findings were unclear and affected the infringement assessment. Consequently, it vacated the first-instance judgment and ordered a retrial. Yihua withdrew the litigations in November 2023.

However, in December 2023, Yihua filed a re-application of legal action with the Shenzhen Intermediate People's Court of Guangdong Province against OKI and DC Jinxin again, alleging infringement of its five previously identified invention patents. Yihua sought an injunction requiring OKI to desist from the production and sale of the infringing products and DC Jinxin to halt the sales and not to promise sales of such products. Additionally, Yihua demanded compensation from OKI and DC Jinxin for economic losses and reasonable expenses associated with efforts to mitigate the infringement, totaling RMB275.3 million.

In August 2024, Yihua withdrew its claim for infringement damages against DC Jinxin and clarified that the compensation liability rests solely with OKI. DC Jinxin is only responsible for ceasing the infringement.

As at 31 December 2025, the case has not yet been adjudicated. Based on the advice from the legal advisor, no material loss will be accrued to DC Jinxin.

(b) Dispute over Sales Contract between Digital China System Integration Services Co., Ltd. and Beijing Urban Construction Intelligent Control Technology Co., Ltd.

In June 2025, Beijing Urban Construction Intelligent Control Technology Co., Ltd. ("**UCIC**") instituted legal proceedings against Digital China System Integration Services Co., Ltd. ("**DC System Integration**") in the Third Intermediate People's Court of Beijing and the People's Court of Shunyi District, Beijing.

UCIC claimed that it entered into procurement contracts with DC System Integration in December 2023 and January 2024, with contract amounts of RMB333.6 million and RMB42.7 million respectively, aggregating RMB376.3 million. UCIC alleged that it had delivered the goods in accordance with the contract, but DC System Integration failed to make payment accordingly.

UCIC requested the court to order DC System Integration to pay the contract sum of RMB376.3 million under the relevant procurement contracts, liquidated damages for overdue payment of RMB36.5 million, legal fees of RMB500,000 and other expenses, and sought an order that the Company be held jointly and severally liable for the aforesaid debts.

52. CONTINGENT LIABILITIES (CONTINUED)

(b) Dispute over Sales Contract between Digital China System Integration Services Co., Ltd. and Beijing Urban Construction Intelligent Control Technology Co., Ltd. (Continued)

UCIC applied to the courts for property preservation in the aggregate amount of RMB413.3 million. As at 31 December 2025, bank accounts of the Company with an aggregate balance of RMB413.3 million had been frozen.

As at 31 December 2025, the case had been heard but no judgment had been handed down. According to legal advice, the court is highly likely to dismiss UCIC's claims.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2025.

53. MAJOR NON-CASH TRANSACTIONS

Except for disclosed in other sections of the consolidated financial statement, the major non-cash transactions are set out below:

(a) New lease arrangements

During the year ended 31 December 2025, the Group entered into new arrangements in respect of buildings. Right-of-use assets and lease liabilities of approximately RMB41,392,000 (2024: RMB72,210,000) were recognised at the commencement of the leases.

54. EVENT AFTER THE REPORTING PERIOD

Except for disclosed in other sections of the consolidated financial statement, the major event after the reporting period is set out below:

As set out in the announcements of the Company dated 30 January 2026 and 30 March 2026, Digital China Software Co., Ltd, an indirect wholly-owned subsidiary of the Company, disposed of an aggregate of 12,764,026 DCITS Shares, representing approximately 1.31% of the entire share capital of DCITS, of which 9,609,100 DCITS Shares were disposed of by way of centralized bidding and 3,154,926 DCITS Shares were disposed of by way of block trade, representing approximately 0.98% and 0.32% of the entire share capital of DCITS, respectively. Following the disposal of the disposed DCITS Shares, DCITS remains as a subsidiary of the Company.

Particulars of Properties

Investment properties as at 31 December 2025:

Location	Usage	Tenure	Attributable interest of the Group
Digital China Xi'an Science and Technology Park, No.20 Zhangba 4th Street, Xi'an Gaoxin Technology Development District, Xi'an, Shaanxi Province, The PRC	Office building	Medium term lease	100%
Digital China Wuhan Science and Technology Park, North of Da Shu Road East, East of Guang Gu Road, Wuhan Donghu Technology Development District, Wuhan, Hubei Province, The PRC	Office building	Medium term lease	100%
Digital China Nanjing Science and Technology Innovation Park, Qilin Street, Jiangning District, Nanjing, Jiangsu Province, The PRC	Office building	Medium term lease	100%
Digital China Chongqing Science and Technology Park, No. 24 and 26, Science and Technology Innovation Park, Hong Hu Road West, Yubei District, Chongqing Province, The PRC	Office building	Medium term lease	100%
Digital China Kunshan Logistics Park, No. 1 Shuang He Road, Dian Shan Hu Town, Kunshan City, Jiangsu Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Shenyang Logistics Park, No. 2 Cangchudongyi Street, Hunnan District, Shenyang, Liaoning Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Wuhan Logistic Park, No. 61 Gaoxin 4th Street Road, Donghu Technology Development District, Wuhan, Hubei Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Jinan Logistics Park, No. 1459-2 Keyuan Road, Sun Town, High-tech Industrial Development Zone, Jinan, Shandong Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Technology Plaza, No. 9 Shangdi Jiu Street, Haidian District, Beijing, The PRC	Office building	Medium term lease	100%
Beijing Digital China Building, 4-9/F. and 18/F., No. 16 Suzhou Street, Haidian District, Beijing, The PRC	Office building	Medium term lease	100%

Five Year Financial Summary

RESULTS

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000
REVENUE	**21,014,999**	16,657,343	18,276,547	17,749,982	17,104,557
PROFIT (LOSS) BEFORE TAX	**83,649**	(497,774)	(1,639,194)	500,811	952,081
Income tax expense	**(21,480)**	(65,913)	(62,277)	(34,315)	(139,065)
PROFIT (LOSS) FOR THE YEAR	**61,169**	(563,687)	(1,701,471)	466,496	813,016
Attributable to:					
Equity holders of the parent	**31,420**	(253,949)	(1,833,689)	310,370	592,364
Non-controlling interests	**29,749**	(309,738)	132,218	156,126	220,652
	61,169	(565,687)	(1,701,471)	466,496	813,016

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000
TOTAL ASSETS	**21,675,381**	22,307,298	22,799,813	24,767,761	24,451,357
TOTAL LIABILITIES	**12,210,696**	12,799,844	12,433,808	12,455,290	12,167,112
NON-CONTROLLING INTERESTS	**3,713,749**	3,676,023	4,070,638	3,950,553	3,900,760
	5,750,936	5,831,431	6,295,367	8,361,918	8,383,485

Company Information

BOARD OF DIRECTORS

Executive Directors

Mr. GUO Wei (Chairman and Chief Executive Officer)
Mr. LIN Yang (Vice Chairman)
Mr. CAI Yinghua (President and Chief Operating Officer)

Non-executive Directors

Ms. CONG Shan
Mr. LIU Jun Qiang

Independent Non-executive Directors

Dr. LIU Yun, John
Mr. KING William
Dr. GUO Song
Mr. CHAN Wai Hong, Michael
Dr. LI Jing

COMPANY SECRETARY

Mr. WONG Chi Keung

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Fortis Tower
77–79 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited
The Bank of East Asia, Limited

LEGAL ADVISORS

As to Hong Kong law:
Chiu and Partners
Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to Bermuda law:
Appleby

AUDITOR

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Bermuda

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PLACE OF LISTING OF SHARES AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 00861

Taiwan Stock Exchange Corporation
Taiwan Depository Receipts
Stock Code: 910861

WEBSITE

www.dcholdings.com