讯众股份

北京訊眾通信技術股份有限公司

Beijing Xunzhong Communication Technology Co., Ltd.

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

Stock Code : 2597

2025 ANNUAL REPORT

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CORPORATE INFORMATION

AS OF THE DATE OF THIS REPORT

DIRECTORS

Executive Directors

Mr. Piao Shenggen (樸聖根)
(Chairman of the Board and Chief Executive Officer)
Mr. Yue Duanpu (岳端普)
Mr. Wang Peide (王培德)
Mr. Zhang Zhishan (張治山)
Ms. Chen Jing (陳晶)

Independent Non-executive Directors

Mr. Sun Qiang (孫強)
Mr. Xiang Ligang (項立剛)
Mr. Su Zile (蘇子樂)

SUPERVISORS

Ms. Jiang Hongyan (蔣紅艷) *(Chairlady)*
(resigned from office on November 19, 2025)
Mr. Guo Dawei (郭大偉)
(resigned from office on November 19, 2025)
Mr. Zhang Wen (張文)
(resigned from office on November 19, 2025)

AUDIT COMMITTEE

Mr. Sun Qiang (孫強) *(Chairman)*
Mr. Xiang Ligang (項立剛)
Mr. Su Zile (蘇子樂)

NOMINATION COMMITTEE

Mr. Su Zile (蘇子樂) *(Chairman)*
Ms. Chen Jing (陳晶)
Mr. Xiang Ligang (項立剛)

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Xiang Ligang (項立剛) *(Chairman)*
Mr. Sun Qiang (孫強)
Mr. Su Zile (蘇子樂)

STRATEGIC COMMITTEE

Mr. Piao Shenggen (樸聖根) *(Chairman)*
Mr. Wang Peide (王培德)
Mr. Xiang Ligang (項立剛)

COMPANY SECRETARY

Ms. Hu Jun (胡軍)
(resigned from office on February 6, 2026)
Ms. Au Wing Sze (區詠詩)

STOCK CODE

2597

WEBSITE

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AUTHORIZED REPRESENTATIVES

Mr. Piao Shenggen (樸聖根)
Ms. Au Wing Sze (區詠詩)

AUDITOR

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Hong Kong

Principal Banks in China

Industrial and Commercial Bank of China
China Construction Bank
Agricultural Bank of China
China Everbright Bank
Bank of China
Bank of Communications
China CITIC Bank

Principal Banks in Hong Kong

China Minsheng Banking Corp., Ltd., Hong Kong Branch
DBS Bank

DEFINITIONS

"AI"	artificial intelligence
"Annual Report"	the annual report of the Group for the financial year ended December 31, 2025
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time, which was effective on the Listing Date
"API"	Application Programming Interface, commonly known as API, is a set of protocols that allows unconnected applications to communicate with each other
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CASBE"	PRC Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Company", "the Company" or "our Company"	Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司), a limited liability company incorporated in the PRC on November 20, 2008, which was converted into a joint stock company with limited liability on October 11, 2014, with its H Shares being listed on the Main Board of the Stock Exchange (Stock Code: 2597)
"Computing Power"	refers to the capacity of a computer or computer system to execute complex computations and data processing tasks within a given timeframe
"Contact Center SaaS"	Contact Center Software as a Service, one of our Group's business segments
"CPaaS"	Communications Platform as a Service, one of our Group's business segments
"Director(s)"	the director(s) of the Company

"Domestic Share(s)"	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and fully paid in RMB
"Edge Computing"	a distributed information technology architecture in which data is processed as close to the originating source as possible. This approach moves computing resources from centralized data centers closer to the devices generating and consuming data, such as IoT devices, smartphones, or local servers
"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas-listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IoT"	the Internet of Things, refers to the network of physical devices embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
"Latest Practicable Date"	April 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication
"Listing"	the listing of H Shares on the Main Board of the Stock Exchange on July 9, 2025
"Listing Date"	July 9, 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"LLM"	large language model, refers to a type of artificial intelligence that is designed to process and generate human-like language by leveraging statistical patterns learned from vast corpora of text data
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Piao"	Mr. Piao Shenggen (樸聖根), the Chairman of the Board, chief executive officer and a substantial shareholder of the Company
"NEEQ"	National Equities Exchange and Quotations
"NLP"	Natural Language Processing (NLP) is a field of artificial intelligence (AI) that focuses on the interaction between computers and humans through natural language. The goal of NLP is to enable computers to understand, interpret, and generate human language in a way that is both meaningful and useful
"Nomination Committee"	the nomination committee of the Board
"PRC", "China" or "Mainland China"	the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
"Prospectus"	the Company's prospectus dated June 30, 2025

"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"Reporting Period"	the twelve months ended December 31, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"SaaS"	Software as a Service, refers to a cloud computing model that provides users with access to software applications via the internet, eliminating the need for users to install and run the application on their own computers or infrastructure
"SDK"	Software Development Kit, a set of software tools, guidelines, and programs used by developers to create applications for specific platforms
"Share(s)"	the Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"specific LLM"	a large language model which is trained to provide responses to questions which are related to a specific industry or an application scenario
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Committee"	the strategic committee of the Board
"Supervisor(s)"	the supervisor(s) of the Company
"%"	percent

FINANCIAL HIGHLIGHTS

The total assets for the year ended December 31, 2025 (the "Reporting Period") were approximately RMB1,905,014.01 thousand, representing an increase of approximately RMB420,965.31 thousand, or 28.37%, as compared with the total assets for the year ended December 31, 2024 (the "Corresponding Period").

During the Reporting Period, the Company's revenue was approximately RMB903,913.82 thousand, representing a decrease of approximately RMB13,692.13 thousand, or 1.49%, as compared with the revenue for the Corresponding Period.

The net profit attributable to shareholders of the listed company for the Reporting Period was approximately RMB73,018.87 thousand, representing an increase of approximately RMB19,474.40 thousand, or 36.37%, as compared with the figure for the Corresponding Period.

During the Reporting Period, the Company's basic earnings per share was RMB0.69 per share, representing an increase of 16.95% as compared with the earnings per share of RMB0.59 for the Corresponding Period.

The Board of Directors proposes not to declare an annual dividend for the year ended December 31, 2025.

The summary of the Group's assets, liabilities and results of operations as of December 31, 2025 is set out below:

Item	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	783,885.64	992,435.67	1,206,597.16	1,484,048.71	1,905,014.01
Total liabilities	242,582.76	277,988.47	416,853.49	644,192.60	655,636.83
Owners' equity	541,302.89	714,447.19	789,743.67	839,856.10	1,249,377.18
Including: Equity attributable to shareholders of the listed company	537,437.18	711,893.26	788,226.45	840,941.91	1,248,460.26
Operating income	993,514.57	809,743.47	915,629.89	917,605.95	903,913.82
Total profit	87,151.70	88,306.53	84,935.85	51,401.37	84,043.15
Income tax expenses	12,336.28	13,646.10	8,351.25	759.93	11,102.35
Net profit	74,815.43	74,660.43	76,584.60	50,641.14	72,940.80
Including: Net profit attributable to shareholders of the listed company	74,337.81	75,972.21	77,621.31	53,544.47	73,018.87
Basic earnings per share (RMB/share)	0.87	0.85	0.85	0.59	0.69
Net asset per share attributable to shareholders of the listed company (RMB/share)	6.35	7.80	8.63	9.21	10.25

Dear Shareholders:

On behalf of the Board, I am pleased to present the Annual Report of the Group for the financial year ended December 31, 2025.

The year 2025 stands as an epoch-making milestone in our Group's corporate journey. Since our inception in 2008, we have remained deeply dedicated to the cloud-based communications industry, upholding our founding mission of "making communication easier". Over the past 17 years, we have witnessed and participated profoundly in the transformative advancement of corporate communications across Mainland China — spanning scenario-driven innovation fuelled by the mobile internet wave, the widespread adoption of IoT applications in the interconnected era, the deepening digital transformation across all industries, and the accelerated implementation of smart governance initiatives amid urban renewal. Throughout this journey, we have prioritised technological innovation as our core driving force, advancing our communications capabilities from traditional on-premise architectures to cloud migration, and from basic connectivity functions to intelligent integrated solutions, keeping our development fully aligned with the industry's evolutionary momentum.

In July 2025, our Group's H Shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. This landmark achievement not only recognises our track record of solid growth, but also opens a new chapter for us to connect with global capital markets and capture cross-border development opportunities worldwide.

Reflecting on the past year, amid fluctuations in the macroeconomic landscape and a steady moderation in industry growth momentum, we have adhered to our proven "technology + business" dual-engine development strategy. We proactively optimised our product portfolio and channelled strategic resources into high-growth, high-value core business segments. While consolidating our foundational cloud-based communications services, we accurately captured a fundamental shift in market demand, as clients move from "basic standalone communications services" to integrated solutions featuring "communications + intelligence + data". During the Reporting Period, we accelerated the embedding of AI technologies into our full product ecosystem. Revenue generated from smart communications solutions surged nearly 2.5 times year-on-year, fully validating the accuracy and effectiveness of our strategic transformation. Despite a mild adjustment in overall operating revenue, refined operational management and optimised revenue mix drove remarkable growth in the Group's core profitability, with total profit rising by 58.74% and net profit attributable to shareholders of the parent increasing by 32.26%, demonstrating our robust operational resilience amid market cycles.

Moving forward, we will remain steadfast in realising our corporate vision to become "a globally recognised provider of AI-driven cloud-based communications solutions". We will continue to scale up R&D investment, accelerate the in-depth application of large language models and intelligent agent technologies in diversified communications scenarios, embed our proprietary communications platforms into core business workflows, and deliver substantial enhancements to both operational efficiency and end-user experience. Furthermore, we will actively explore innovative application areas, including cultural tourism operations, intelligent elderly care and mental health services. Leveraging Hong Kong's unparalleled advantages as an international financial hub, we will extend our full-suite service capabilities to broader global markets.

Great journeys lie ahead, and unwavering perseverance defines all enduring progress. We recognise that our future path encompasses both remarkable opportunities and inherent challenges. Nonetheless, with enduring respect for the market, sincere gratitude to our clients, and relentless dedication to technological innovation, we will forge ahead steadily and achieve sustainable long-term growth amid the global digital transformation wave.

Finally, on behalf of the Board, I extend my heartfelt gratitude to all shareholders for your trust and enduring support, to our clients for your recognition and long-standing partnership, to our business collaborators for your valuable cooperation, and above all, to every member of our team for your diligent efforts and unwavering commitment. It is your collective dedication that empowers Xunzhong Communication to continuously break new ground and stride toward an even brighter future.

By Order of the Board
Beijing Xunzhong Communication Technology Co., Ltd.
Piao Shenggen
Chairman of the Board, Executive Director and Chief Executive Officer

Hong Kong, April 24, 2026

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

1. Analysis of China's cloud-based communications services market

Cloud-based communications services refer to communications services and solutions provided to corporate and public organizations based on cloud technologies. Cloud-based communications services primarily include (i) CPaaS, and (ii) Contact Center SaaS. Cloud-based communications services providers can offer one or more types of services tailored to different customers' requirements and application scenarios.

The market size of China's cloud-based communications services refers to the total revenue generated by both providers with single service capability and those offering full-suite communications services. According to information from the MIIT, with the expanding application of cloud technologies and increasing demand for cloud migration from downstream customers, China's cloud-based communications services market experienced a continuous growth in recent years.

According to the 2025 Statistical Bulletin on the Telecommunications Industry recently released by the MIIT, China's cloud-based communications services, as a key component of emerging businesses, maintained steady growth in 2025. While MIIT did not directly disclose the total market value of "cloud-based communications", according to estimates by Forward Industry Research Institute based on industry blue books and comprehensive data from MIIT, the overall market has entered a phase of steady growth. The market size of China's cloud-based communications industry reached RMB56.59 billion in 2024. Growing from approximately RMB49.94 billion in 2022 to RMB56.59 billion in 2024, the industry has entered a period of steady growth following a phase of rapid development, with its growth rate moderating compared with previous years. In terms of the segmented market structure, technological integration has driven new growth. As a core component of cloud-based communications (providing SMS, voice and video capabilities via API/SDK), Communications Platform as a Service (CPaaS) accounted for approximately 35.4% of the overall cloud-based communications market in 2024. Emerging technologies integrating AI and 5G are reshaping the market. In 2024, the market size of AI-powered 5G low-latency integrated communications platforms reached approximately RMB3.14 billion. The market size of new infrastructure intelligent integrated communications platforms serving sectors such as industrial internet and smart transportation amounted to approximately RMB3.20 billion in 2024. Going forward, with the deepening of digital transformation and the expanding application scenarios of cloud-based communications, China's cloud-based communications services market is expected to maintain rapid growth. The total revenue of China's cloud-based communications services market is forecast to reach RMB74.5 billion in 2029, representing a CAGR of 8.2% from 2024 to 2029.

In terms of the competitive landscape, the revenue growth of operators' cloud-based businesses has shown a moderating trend, marking a shift from the early stage of explosive growth to high-quality development. In summary, China's cloud-based communications services market had developed into a mature sector with annual revenue exceeding RMB50.0 billion and deeply integrated into the overall emerging businesses by 2025. Although the growth of traditional communications capabilities has stabilized, intelligent communications services driven by AI, 5G and new infrastructure are becoming a key force promoting the upgrading of the market structure.

In recent years, China's information technology industry has grown steadily, and the basic communications infrastructure has been continuously improved, providing a solid foundation for the development of the cloud market. Starting from 2025, while the scale of China's information technology infrastructure construction continues to expand, it is also accelerating the transformation and upgrading toward computing power infrastructure. The scale of information technology infrastructure increased from RMB2,746.0 billion in 2019 to RMB3,524.6 billion in 2023, representing a CAGR of 6.4%, reflecting the steady development of information technology infrastructure. A stable communications infrastructure is crucial to the development of the cloud-based communications services market, as it relies on the internet and cloud computing to access and process customer data for the provision of customized communications services. Although the penetration rate of cloud-based communications services in China remains relatively low, the accelerated expansion of cloud migration in China will drive the rapid development of China's cloud-based communications services market. Downstream industries have a strong demand for improving communication capabilities. With an increasing number of enterprises and the dynamic changes in customers' needs, the downstream industries are facing intense competition. Therefore, it is crucial to obtain strong communication capabilities, as well as improve customer service quality and satisfaction, so as to enhance competitiveness. Cloud-based communications services provide an intelligent platform integrating communication capabilities with an efficient call center, which can improve enterprises' service quality and operational efficiency. Meanwhile, more enterprises have become aware of the importance of cloud-based communications services, which has stimulated strong downstream demand for improving communication capabilities.

2. China's project-based communications solutions market

Project-based communications solutions refer to the provision of communication-based solutions that combine software and hardware, with the integration of advanced technologies such as cloud computing, IoT and AI. Project-based communications solutions leverage high scalability and flexibility of cloud technology to provide comprehensive communications capabilities for corporate and public organizations, and realize functions such as intelligent voice recognition, facial recognition and behavioral monitoring, thereby providing intelligent solutions based on communications capabilities. Project-based communications solutions have widespread application scenarios, primarily including intelligent campuses, intelligent municipal governance, smart transportation and intelligent finance. When selecting project-based communications solutions, downstream industries will consider their compatibility with existing systems, stability and reliability of the services, level of intelligence and cost-effectiveness. In addition, the project-based communications solutions should be able to meet the specific industry needs and support future expansion and upgrading.

Driven by the increasing demand for digital transformation and the innovative applications of project-based communications solutions, the total revenue of China's project-based communications solutions market increased from RMB254.8 billion in 2020 to RMB404.1 billion in 2024, growing at a CAGR of 12.2%. In the future, with the integration of advanced technologies such as cloud computing, AI and IoT, project-based communications solutions providers can offer comprehensive solutions to empower communication capabilities in smart cities, which is expected to promote the stable growth of China's project-based communications solutions market. In 2029, the total revenue of China's project-based communications solutions market is expected to reach RMB576.0 billion, with a CAGR of 7.3% from 2024 to 2029.

China's project-based communications solutions market is highly fragmented with plenty of market participants primarily including technology service providers, equipment manufacturers, and product and solution providers. The Group primarily competes with product and solution providers.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

(I) Cloud-Based Communications Services

Cloud-based communications services refer to value-added communications services and solutions provided to corporate and public organizations based on cloud technologies, primarily including (i) CPaaS, which refers to a technology delivery model that enables companies to embed omni-channel communication functions into their business systems and applications with APIs or SDKs; and (ii) Contact Center SaaS, which refers to an efficient and intelligent contact center solution provided to corporate and public organizations with SaaS as the main deployment method.

On the Group's cloud-based CPaaS platform, our customers, principally internet companies, software and information technology companies, and financial institutions, have convenient access to a vast array of integrated telecommunications resources, covering voice, messaging, and mobile data capabilities, which we source from major telecommunications operators and other service providers in China. Additional value-added features, such as data analytics, privacy protection and smart routing, are embedded in our CPaaS platform. In addition, we offer Contact Center SaaS to customers. We have our own self-built platform, which is a suite of cloud-based software services and offers businesses a one-stop platform to handle interactions with customers and potential customers.

As at December 31, 2025, the Company's revenue from cloud-based communications services amounted to RMB844 million, representing a decrease of RMB22 million or a year-on-year decrease of 2.52% from RMB866 million in 2024. The decrease was mainly attributable to the Company's product structure adjustment, which involved phasing out low-margin businesses. Meanwhile, the Company's core customers, including internet, software IT, and financial institutions, have entered a deepening stage of digital transformation. Their demand for purely basic communications services has become saturated, and they have shifted toward integrated solutions of "communications + intelligence + data", resulting in a slight reduction in their budgets for the standalone procurement of cloud-based communications resources.

(II) Smart Communications Solutions

Leveraging our cloud-based communications capabilities since our inception in 2008, we launched a new business segment, project-based communications solutions, in May 2020. Our solutions utilize software or a combination of software and hardware to facilitate communications and connectivity principally for public sector customers across many use cases, such as municipal governance and safety. Based on various technologies such as data analytics, cloud computing, Edge Computing, and visual recognition, we develop solutions according to the individual needs of customers.

As at December 31, 2025, the Company's revenue from smart communications solutions amounted to RMB48 million, representing an increase of RMB34 million or a year-on-year increase of 247.67% from RMB14 million in 2024. The increase was mainly attributable to the implementation of the Company's strategic transformation. The Company integrated value-added functions of CPaaS including data analysis, privacy protection and smart routing with contact center SaaS to develop smart communications solutions for vertical industries (including AI-driven contact centers, intelligent customer service and data analysis), which catered to customers' upgrading demand from basic communications to intelligent operations.

(III) Other Communications Services and Accessories

In addition to our main services and solutions, we also offer other communications services and accessories, mainly comprising specialized mobile phones, contact center outsourcing, and video conference solutions. We have been scaling down the aforementioned business since 2022, primarily due to low profitability of the relevant business.

As at December 31, 2025, the Company's revenue from other communications services and accessories was RMB11 million, representing a decrease of RMB27 million or a year-on-year decrease of 70.13% from RMB38 million in 2024. The decrease was mainly due to the fact that such businesses mostly comprised communications accessories and basic communications operations and maintenance outsourcing, which had low technical barriers and thin profit margins and were inconsistent with the Company's core strategy of "cloud-based communications + smart solutions". Accordingly, the Company proactively scaled back resource investment in such businesses.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Revenue

The Group generates revenue mainly from cloud-based communications services, project-based communications solutions and other communications services and accessories. As at December 31, 2025, the revenue of the Group was RMB903.91 million, representing a decrease of RMB13.70 million or 1.49% from RMB917.61 million in the corresponding period of last year, which was mainly attributable to the Company adjusting its product mix to exclude low-margin businesses. The revenue of each business segment is as follows:

As at December 31, 2025, the revenue of the cloud-based communications services segment was RMB844.21 million, representing a decrease of RMB21.84 million or 2.52% from RMB866.05 million in the corresponding period of last year, which was mainly due to the Company adjusting its product mix to exclude low-margin businesses. Meanwhile, the Company's core customers, including internet, software IT, and financial institutions, have entered a deepening stage of digital transformation. Their demand for purely basic communications services has become saturated, and they have shifted toward integrated solutions of "communications + intelligence + data", resulting in a slight reduction in their budgets for the standalone procurement of cloud-based communications resources. This resulted in a decrease of RMB44.17 million in the SMS business, RMB14.71 million in voice, and RMB9.19 million in digital rights business, as well as an increase of RMB42.60 million in IoT business within the cloud-based communications products.

As at December 31, 2025, the revenue of the project-based communications solutions segment was RMB48.47 million, representing an increase of RMB34.53 million or 247.67% from RMB13.94 million in the corresponding period of last year. This increase was mainly attributable to the Company's development of AI-driven smart communications solutions, including contact centers, intelligent customer service and data analysis, which catered to customers' evolving demand from basic communications to intelligent operations during the Reporting Period.

As at December 31, 2025, the revenue of the other communications services and accessories segment was RMB11.24 million, representing a decrease of RMB26.37 million or 70.13% from RMB37.61 million in the corresponding period of last year, which was mainly due to impact from the market, resulting in a decrease of RMB25.82 million in the call operation business, and RMB1.61 million in the video conferencing.

Cost

As at December 31, 2025, the costs incurred by the Group were RMB726.47 million, representing an increase of RMB11.98 million or 1.68% from RMB714.49 million in the corresponding period of last year, which was mainly due to business structure adjustments across the Company's business segments, where changes in revenue have simultaneously driven changes in costs during the Reporting Period. The cost incurred by each business segment is as follows:

As at December 31, 2025, the costs incurred by the cloud-based communications services segment were RMB686.78 million, representing an increase of RMB13.17 million or 1.95% from RMB673.61 million in the corresponding period of last year, which was mainly due to the Group adjusting its product mix, resulting in a decrease of RMB16.54 million in the SMS cost and RMB5.37 million in voice cost, as well as an increase of RMB33.19 million and RMB1.70 million, respectively, in IoT and cloud call center costs during the Reporting Period.

As at December 31, 2025, the costs incurred by the project-based communications solutions segment were RMB29.23 million, representing an increase of RMB24.33 million or 496.57% from RMB4.90 million in the corresponding period of last year, which was mainly due to an increase in cost year-on-year, which was in line with the increase in revenue from project-based communications solutions of the Group during the Reporting Period.

As at December 31, 2025, the costs incurred by the other communications services and accessories segment were RMB10.46 million, representing a decrease of RMB25.51 million or 70.93% from RMB35.97 million in the corresponding period of last year, which was mainly due to a decrease in cost year-on-year, which was in line with the decrease in revenue from other communications services and accessories during the Reporting Period.

Gross profit and gross profit margin

As at December 31, 2025, the gross profit of the Group was RMB177.45 million, representing a decrease of RMB25.67 million or 12.64% from RMB203.12 million in the corresponding period of last year; and the comprehensive gross profit margin was 19.63%, remaining largely unchanged from the corresponding period of last year.

Selling expenses

As at December 31, 2025, the selling expenses of the Group were RMB15.47 million, representing a decrease of RMB4.12 million or 21.07% from RMB19.59 million in the corresponding period of last year, which was mainly due to the Company implementing a new assessment method, resulting in a decrease of RMB3.89 million in remuneration during the Reporting Period.

Administrative expenses

As at December 31, 2025, the administrative expenses of the Group were RMB34.05 million, representing an increase of RMB1.76 million or 5.45% from RMB32.29 million in the corresponding period of last year, which was mainly due to the Company implementing a new assessment method, resulting in a decrease of RMB1.91 million in remuneration, a decrease of RMB1.36 million in business entertainment expenses, and an increase of RMB5.86 million in consulting and service fees arising from the engagement of professional institutions in preparation for the Hong Kong Stock Exchange IPO.

R&D expenses

As at December 31, 2025, the R&D expenses of the Group were RMB41.16 million, representing an increase of RMB3.09 million or 8.10% from RMB38.07 million in the corresponding period of last year, which was mainly due to the Company increasing investment in R&D, outsourcing R&D increased by RMB6.01 million, and the Company implemented a new assessment method, resulting in a decrease of RMB2.24 million in remuneration during the Reporting Period.

Financial expenses

As at December 31, 2025, the financial expenses of the Group were RMB13.48 million, representing a decrease of RMB0.60 million or 4.66% from RMB12.88 million in the corresponding period of last year, which was mainly due to a decrease of RMB0.29 million in interest, a decrease of RMB0.08 million in exchange gains or losses, as well as a decrease in bank charges during the Reporting Period.

Income tax expenses

As at December 31, 2025, the income tax expenses of the Group were RMB11.10 million, representing an increase of RMB10.34 million or 1,360.98% from RMB0.76 million in the corresponding period of last year, which was mainly due to the provision of current income tax expenses arising from the RMB32.64 million year-on-year increase in the Company's total profit during the Reporting Period.

Net profit attributable to shareholders of the listed company

As at December 31, 2025, the net profit attributable to shareholders of the listed company was RMB73.02 million, representing an increase of RMB19.47 million from the net profit attributable to the listed company of RMB53.54 million in the corresponding period of last year, which was mainly due to the collection of parts of accounts receivables by the Company during the Reporting Period, as well as a decrease in the provision for credit impairment loss and asset impairment losses during the Reporting Period.

Equity attributable to non-controlling interests

As at December 31, 2025, the equity attributable to non-controlling interests of the Group was RMB0.92 million, representing an increase in equity of RMB2.00 million or 184.45% from the equity attributable to non-controlling interests of RMB-1.09 million in the corresponding period of last year, which was mainly due to the decrease in losses incurred by the holding company of the Company during the Reporting Period.

Cash flows

Net cash flow generated from operating activities

As at December 31, 2025, the net cash flow generated from operating activities of the Group was RMB-178.34 million, representing a decrease of RMB64.31 million or 56.40% from RMB-114.03 million in the corresponding period of last year, which was mainly due to a substantial increase in payments for the purchase of goods and other operating payments during the Reporting Period, whose growth rate exceeded that of sales collections, resulting in an expansion of net cash outflows.

Net cash flow generated from investing activities

As at December 31, 2025, the net cash flow generated from investing activities of the Group was RMB-11,500.05 million, representing an increase of 96.42% from the corresponding period of last year, which was mainly attributable to the reduced investing activities of the Company and a decrease in the purchase of fixed assets.

Net cash flow generated from financing activities

As at December 31, 2025, the net cash flow generated from financing activities of the Group was RMB378.40 million, representing an increase of RMB333.46 million or 742.06% from RMB44.94 million in the corresponding period of last year, which was mainly due to the successful IPO fundraising by the Company during the Reporting Period, together with an increase in obtained borrowings, which jointly contributed to a significant rise in net inflows from financing activities.

Liquidity and Financial Resources

Capital structure

Borrowing

The total bank and other borrowings of the Group as at December 31, 2025 were RMB356.33 million (as at December 31, 2024: RMB300.30 million). The bank borrowing was interest-bearing and unsecured. During the Reporting Period, the Group did not experience any difficulties in utilizing its banking facilities.

Gearing ratio

As at December 31, 2025, the gearing ratio of the Group was 34.42% (as at December 31, 2024: 43.41%), representing a decrease of 8.99% (calculated as the total liabilities divided by the total assets and multiplied by 100%), which was mainly attributable to the successful IPO fundraising that strengthened the Group's equity capital and significantly lowered its gearing ratio.

Cash and cash equivalents

As at December 31, 2025, the cash and cash equivalents of the Group were RMB207.21 million, representing an increase of RMB199.92 million or 2743.87% from RMB7.29 million in the corresponding period of last year, which was mainly attributable to the successful IPO fundraising of the Company.

Capital expenditure

As at December 31, 2025, the Group did not have any material capital expenditure.

Pledge of assets

As at December 31, 2025, the Group did not have any pledge of assets.

Credit risk

As at December 31, 2025, the largest credit risk exposure that may incur financial loss to the Group mainly came from the book value of each financial asset in the balance sheet. The monetary funds held by the Company are mainly deposited in financial institutions, such as state-owned holding banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a high reputation and asset status, do not have significant credit risk, and will not cause any significant loss due to the default of the counterparty.

Foreign exchange risk

Foreign exchange risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect their financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures. The conversion of foreign currencies into RMB has been based on rates set by the People's Bank of China. The Group seeks to limit the exposure to foreign exchange risk by closely monitoring and minimizing its net foreign currency position. No financial instruments for hedging purposes were used by the Group, and the Group did not enter into any currency hedging transactions during the Reporting Period.

Contingent liabilities

References are made to the Prospectus and the announcement of the Company dated December 23, 2025. Since October 2024 and up to the date of this report, the Company has become involved in two interrelated contractual disputes (the "Litigation") concerning the sale and purchase of computing module products involving Beijing Yakang Huanyu Technology Co. Ltd. and Beijing Yunxi Technology Co. Ltd. The freezing of the Company's Basic Bank Account and general bank accounts was caused by the Litigation. As disclosed in the announcement dated December 23, 2025 there was an increase in the frozen funds in the Basic Bank Account caused by the Litigation. The Board considers that the above Litigation has not had, and is not expected to have, any material adverse effect on the business operations or financial position of the Group. Further announcement(s) will be made by the Company regarding the updates of the Litigation as and when appropriate in accordance with the Listing Rules.

Save as disclosed above, the Group has no other material contingent liabilities as of December 31, 2025.

Material acquisition and disposal of assets, subsidiaries, associates and joint ventures

The Group had no other material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period.

Treasury policy

The Group adopts a prudent financial management approach on its treasury policy so as to ensure that the Group's liquidity structure (composed of assets, liabilities and other commitments) is able to meet its funding requirements at all times.

Future plans for material investment or acquisition of capital asset

The Group had no other future plans for material investment or acquisition of capital asset during the Reporting Period.

Significant investments

The Group had no significant investment during the Reporting Period.

Post balance sheet events

The Company's first 2026 extraordinary general meeting held on March 20, 2026 has considered and approved the proposal to withdraw the application for the initial public offering of domestic shares to unspecified qualified investors and listing on the Beijing Stock Exchange, as well as the proposal to voluntarily apply for the delisting of its domestic shares from the National Equities Exchange and Quotations (NEEQ). The actual timing and progress of the delisting are subject to approval by the NEEQ. Save as disclosed above, there were no other post balance sheet events as of December 31, 2025 and up to the date of this report.

Long-term Bank Deposits, Restricted Cash, Pledged Deposits, Cash, Bank Balances and Borrowings

As of December 31, 2025, the sum of long-term bank deposits, restricted cash, pledged deposits, cash, and bank balances of the Group amounted to RMB219.29 million, representing an increase of 2,909.79% as compared with RMB7.29 million as of December 31, 2024. The total credit facility of the Group was RMB429.00 million and interest-bearing borrowings amounted to RMB356.33 million as of December 31, 2025, representing an increase of 18.66% as compared with RMB300.30 million as of December 31, 2024, with due repayment of a total amount of RMB356.33 million as of December 31, 2025. All of the borrowings are denominated in RMB. As of December 31, 2025, all borrowings of the Group were charged at a fixed interest rate. The Group does not have any interest rate hedging policy.

IV. PROSPECTS

The Group's vision is to become a globally recognized AI-driven cloud-based communications solutions provider. Based on this vision, we plan to implement the following strategies:

1. Continuous improvement and innovation of services and solutions

We plan to continuously improve and innovate our service offerings and enrich the features and functions of our solutions. We intend to further research customer needs to enhance and expand our services. In particular,

- we will continue to focus on and expand within the cloud-based communications services market, maintaining our position as a leading service provider. According to the MIIT, the cloud-based communications industry, particularly emerging cloud-based communications businesses (including cloud computing, big data, and data centers) still has significant growth potential, which we expect more businesses to benefit from market growth. For example, to increase revenue and customer stickiness and meet customers' diverse incremental communications needs, we plan to provide communications operating services from intelligent computing operation platforms to large corporate customers in addition to our existing services and solutions, addressing their daily communications needs at a more comprehensive level;

- we will innovate and develop new services and solutions, such as smart ecosystems for cultural and tourism services, smart ecosystems for elderly care services, and campus mental health services. In terms of the upgrade path for our solutions, we will timely introduce smart ecosystem technologies to conduct lightweight transformation of existing processes;

- we will upgrade our existing industry solutions, introducing industry-specific customized solutions to meet the specific needs of customers in key industries, expanding and enhancing technology in different scenarios to improve operational efficiency and user experience; and

- we will continue to strengthen research and development capabilities, fostering an innovative corporate culture, and attracting and retaining top talent to expand the research and development team.

2. Enhancing AI applications

The Company will continue to embrace AI in an all-round way by adhering to the "technology + business" dual-engine-driven strategy. Based on the existing cloud-based communications platform and smart communications solutions, the Company will keep pace with the evolution of AI technologies, actively explore the in-depth integration of next-generation AI technologies represented by large models and agents with corporate businesses, and transform new technologies into implementable, replicable and value-creating products and solutions.

CPaaS: For CPaaS, LLMs can generate content and review templates for messages for quality inspection. While continuously improving the technical indicators of the cloud-based communications platform to meet the stringent requirements of medium and large customers and key industries, we will also conduct platform reserve and technical verification for next-generation communications capabilities such as 5G Messaging and New Calling, and steadily promote their commercial deployment.

Contact Center SaaS: We plan to upgrade our Contact Center SaaS through a business model leveraging AI computing power and voice agents, so as to improve service efficiency and accuracy as well as enhance the personalization and intelligence of customer services. In 2025, the Company completed the development of its "Large Model-Native Voice AI Agent Platform", which has entered the phase of customer validation and industry adaptation. The platform enables corporates to establish life-cycle management capabilities for smart ecosystems covering configuration, testing and launch, allowing corporates to quickly deploy voice agents with designated roles, gradually reducing the proportion of calls transferred to human agents while improving customer satisfaction.

Project-Based Communications Solutions: We intend to apply specific LLMs, voiceprint recognition, image recognition and motion recognition in our solutions. We will continue to optimize the capabilities of existing products such as the urban smart ecosystem platform and the AI emotion monitoring and early warning platform, focusing on refining mature solutions for the urban governance sector.

3. Expanding innovative businesses and capturing new growth opportunities

In 2026, the Company will simultaneously focus on cutting-edge technology fields such as AIGC and agents. We will seek to integrate AIGC and agents technologies with our existing communications business, while exploring cooperation models with telecom operators and cloud vendors. Meanwhile, the intelligent computing operation platform developed by the Company will be completed and launched. The platform is committed to solving practical issues faced by users of large corporate customers in computing power selection, deployment and optimization, providing cost-effective, high-performance and high-quality platform optimization services and communications capability support.

The Company is building an intelligent hardware product line that it will initially corporate with operators, and its products target both consumer and business partners by launching smart bands, AI headsets and smart lamps. This aims to combine our full-suite cloud-based communications capabilities with large models and AI computing power to extend application scenarios to individual and home scenarios, forming a collaborative "cloud-device integrated" ecosystem;

We plan to leverage our full-suite service capabilities to improve customer stickiness and sustainable profitability. We will continue to explore new growth opportunities, expand geographic coverage, and increase penetration. By replicating our successful experience in China, we plan to initially expand our CPaaS and SaaS business to Southeast Asia by partnering with local telecommunications operators and service providers.

V. RISK FACTORS AND RISK MANAGEMENT

Risks relating to the Group's business and industry

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Some of the major risks we face include:

(1) fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition;

(2) failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects;

(3) if we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics, and other risks and uncertainties, our business, results of operations, and prospects would be materially and adversely affected;

(4) our business relies on telecommunications resources provided by China's major telecommunications operators and other service providers; if we fail to maintain our collaborations with these telecommunications operators or service providers, our ability to serve our customers could be materially and adversely affected;

(5) if we fail to attract new customers or retain existing ones, our business, financial condition, and results of operations could be materially and adversely affected; and

(6) we have experienced, and in the future may continue to experience, net operating cash outflows and increases in trade receivables turnover days, prepayments, other receivables and other assets, which could expose us to liquidity risks.

We have developed risk management and internal control systems for our business to minimize actual or potential operational risks.

(1) Actively manage our product mix. We offer full-suite cloud-based communications services. However, some service offerings, such as voice services and Contact Center SaaS, have high gross profit margin over other types of CPaaS. We have actively managed our product mix to promote our profitability. On one hand, we have historically terminated cooperations with CPaaS customers which generated low profit margin; on the other hand, we continuously developed our Contact Center SaaS service offerings during the Track Record Period. Revenue derived from our Contact Center SaaS during the Track Record Period grew gradually. Our active management is also reflected in our plan to further develop project-based communications solutions and expand our innovative business system in the future.

(2) Actively seize market opportunities. During the past years, we foresaw these market drivers and took measures to seize opportunities. We pay attention to the applications of AI tools, such as data analytics, NLP, voiceprint recognition and motion recognition. Meanwhile, we focus on cutting-edge technology fields such as AIGC and agents. We will seek to integrate AIGC and agents technologies with our existing communications business, while exploring cooperation models with telecom operators and cloud vendors. This ensures that our services and solutions constantly improved from a technological perspective. We also provide a stable supply of telecommunications resources and possess strong sales capabilities. The former enables us to offer services from a diverse range of regional telecommunications operators and service providers. The latter helps us to effectively meet the growing demand for corporate communication.

(3) In order to reduce the risk of dependence on cooperation with major telecommunications operators and service providers in China, we have adopted the following measures: 1) establishing a multi-supplier cooperation system to distribute the risks of having a single pipeline; 2) signing long-term framework agreements and clarifying the terms of service quality and liability for breach of contract; 3) conducting regular supplier service evaluation and alternative solution testing; 4) maintaining standardized technical interfaces to ensure substitutability; 5) establishing a special emergency fund for sudden changes in collaboration.

(4) Given that the cloud-based communications business contributes most of our revenue and trade receivables, we have implemented the following measures to shorten the settlement period starting from 2025: prefer customers with shorter payment cycles; more stringent payment terms for customers with significant trade receivables; incentivizing quicker settlement; scrutiny of payments progress and offer instalments for prompt settlement; set monthly collection targets.

(5) In order to further improve our collection situation, we have taken various measures since 2025 to enhance our collection efforts for trade receivables, including establishing management policies for receivables, regularly reviewing receivables by finance personnel, actively communicating with our customers regarding settlements, and issuing collection letters. We have established a dedicated collection team, to continuously monitor payment progress. This team, together with our business development personnel, communicates with customers regarding payment collection through various methods.

VI. OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2025, the total number of employees of the Group was 157 (December 31, 2024: 210). The remuneration of the management is composed of basic salary, position salary, performance salary and other salaries, and the remuneration of ordinary employees is composed of basic salary, position salary, performance salary and business commission. The Group firmly believes that our long-term sustainable growth depends on the expertise, comprehensive capabilities and career development of our employees. The Group has always regarded talent development as the driving force of corporate development, continuously refining our tiered talent cultivation system and creating a mechanism to improve the value of talent and the long-term values of the Company at the same time. The remuneration and benefits system for employees of the Group are determined with comprehensive reference to the market pay rate, individual qualification and experience, performance bonus and other incentive systems are established. Performance bonuses are determined and paid based on the Group's overall operational efficiency (including key indicators such as revenue and profit), the performance of the organization in which the employee works and the performance appraisal result of the individual employee, and are continuously optimized in line with business development. The overall remuneration and benefits policy is highly competitive, effectively ensuring the value of employees are enhanced with the corporate development.

The Group attaches great importance to staff training and continuously improves its education and training system. The Group provides comprehensive training programs for its staff, including monthly induction training for new staff, product training for all staff when needed and centralized training for staff in key positions at the beginning of each year. During the Reporting Period, the Group paid a total of RMB48.30 million in remuneration to its employees (December 31, 2024: RMB51.14 million).

FINAL DIVIDEND

The Board did not recommend the declaration of an annual dividend as at December 31, 2025.

ISSUE OF SECURITIES AND USE OF PROCEEDS

1. ISSUE OF H SHARES

To further advance the Company's global strategic layout, establish an international capital operation platform and enhance its overall competitiveness, with the approval of the Hong Kong Stock Exchange, 30,440,000 H Shares issued by the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange on July 9, 2025. The issue price for the Issue was HK$13.55 per Share. The total gross proceeds from the Issue amounted to HK$412.46 million, and the net proceeds from the Issue, after deducting underwriting commissions, fees and other expenses in connection with the global offering, amounted to approximately RMB334.50 million.

2. USE OF PROCEEDS

During the Reporting Period, the Company utilised the net proceeds from the Issue of H Shares in accordance with the manner, purpose and proportion as set out in the Prospectus.

As at December 31, 2025, the details of utilisation of such proceeds are set out below:

	Net proceeds from the Listing available for utilisation (RMB million)	**Net amount actually utilised as at December 31, 2025** (RMB million)	**Unutilised net proceeds as at December 31, 2025** (RMB million)	**Expected utilisation timetable for proceeds**
Continuous improvement and development of services and solutions	151.86	78.30	73.56	December 31, 2026
Among: Upgrading of existing cloud-based communications services and project-based communications solutions	85.63	30.24	55.39	December 31, 2026
Purchase and lease of computing power and graphics processing units	28.10	9.92	18.18	December 31, 2026
Outsourced research and development	38.13	38.13	–	–
Expansion of sales channels	52.18	20.05	32.13	December 31, 2026
Among: Recruitment of personnel, cooperation and procurement of media traffic for new media platforms	18.73	1.2	17.53	December 31, 2027
Recruitment of sales personnel	8.03	1.32	6.71	December 31, 2027
Investment in and joint ventures with Southeast Asian companies with similar businesses to the Company	25.42	–	25.42	December 31, 2026
Acquisition activities in the PRC	54.19	–	54.19	December 31, 2026
Repayment of outstanding loans	42.82	42.82	–	–
Working capital and other general corporate purposes	33.45	33.45	–	–
Total	334.50	157.09	177.41	

The unutilised net proceeds not applied to the above purposes have been placed in short-term or demand deposits with licensed banks and financial institutions (as defined in the Securities and Futures Ordinance or applicable laws in relevant jurisdictions (for non-Hong Kong deposits)).

DIRECTORS

The table below sets forth key information regarding the Company's Directors from the date of the H-share listing to December 31, 2025.

Name	Gender	Age	Position	Position Status	Date of First Joining the Group	Date of First Appointment as Director
Mr. Piao Shenggen	Male	55	Executive Director, Chairman of the Board, Chief executive officer and general manager	Current	November 2008	August 2014
Mr. Yue Duanpu	Male	52	Executive Director and deputy general manager	Current	November 2008	August 2014
Mr. Wang Peide	Male	44	Executive Director	Current	March 2009	January 2018
Mr. Zhang Zhishan	Male	55	Executive Director	Current	February 2017	September 2020
Ms. Chen Jing	Female	41	Executive Director	Current	February 2022	June 2024
Mr. Xiang Ligang	Male	62	Independent non-executive Director	Current	September 2020	September 2020
Mr. Sun Qiang	Male	56	Independent non-executive Director	Current	September 2023	September 2023
Mr. Su Zile	Male	51	Independent non-executive Director	Current	September 2023	September 2023

The biographies of the Company's current directors are as follows:

Mr. Piao Shenggen (樸聖根)

Mr. Piao Shenggen (樸聖根), aged 55, is the Chairman of the Board and the general manager of our Company. He was appointed as a Director in August 2014 and re-designated as an executive Director in June 2024. Mr. Piao is primarily responsible for the overall management and strategy of our Company. Mr. Piao is also the chairman of our Strategic Committee. He also serves in various roles in our subsidiaries, including (i) the executive director of Yunxun Science and Technology since June 2023, (ii) the executive director of Jiangsu Huashao (江蘇華紹) since October 2025, (iii) the executive director of Beijing Xunjie Suanwang Technology Co., Ltd. (北京訊捷算網科技有限公司) (formerly known as Beijing Yuyu E-commerce Co., Ltd. (北京語鈺電子商務有限公司)) since November 2025, (iv) the supervisor of Jiangsu Shaoyan (江蘇韶顏) since February 2019, (v) the executive director of Chuangyin Weilai (Beijing) Information Technology Co., Ltd. (創音未來(北京)信息科技有限公司) (formerly known as Shanghai Halouwei Information Technology Co., Ltd. (上海哈嘍喂信息科技有限公司)) since October 2025, (vi) the supervisor of Jiangsu Hongluo (江蘇宏絡) since April 2019, (vii) the executive director of Zhongmai Communication (眾麥通信) since March 2025, and (viii) the supervisor of Sichuan Xuntong Huizhong (四川訊通惠眾) since May 2023.

Mr. Piao has over 26 years of experience in the information technology industry. Prior to founding our Company, from February 1998 to November 1999, he served in Beijing Sina Information Technology Co., Ltd. (北京新浪信息技術有限公司) (former known as Beijing Stone Richsight Information Technology. Co., Ltd. (北京四通利方信息技術有限公司)) where he served as a manager in the sales department and was primarily responsible for the sale of products and services. From December 1999 to April 2004, he served in Jiaoda Mingtai (Beijing) Information Technology Co., Ltd. (交大銘泰(北京)信息技術有限公司) as the vice president and was primarily responsible for marketing and operational management. From April 2004 to September 2007, he served in Shengshi Changjie Information Technology (Beijing) Co., Ltd. (盛世長捷信息技術(北京)有限公司) as the chairman of the board. From March 2018 to July 2023, he served as the executive director and manager in Zunyi Dike Data Consulting Co., Ltd. (遵義迪科數據諮詢有限公司) (formerly known as Beijing Dike Data Consulting Co., Ltd. (北京迪科數據諮詢有限公司)). From June 2022 to August 2022, he served as executive director and manager in Beijing Xunzhong IOT Information Technology Co., Ltd. (北京訊眾物聯信息技術有限公司) which was a subsidiary of our Company and has now dissolved.

Mr. Piao was recognized as an "influential man" (風雲人物) of 2015 by China Software Conference (中國軟件大會) and was recognized as a distinguished chairman of the board of directors (傑出董事長) by wabei.cn (挖貝新三板) in 2016. Mr. Piao obtained a bachelor's degree in vehicle engineering from China Agricultural University (中國農業大學) in July 1995 and a master's degree in business administration from Tsinghua University (清華大學) in June 2012. Mr. Piao was a certified senior economist by Special Committee for Title Evaluation of Academic Committee of Beijing Academy of Applied Sciences (北京市應用科學研究院學術委員會職稱評審專門委員會) since June 1999.

Mr. Yue Duanpu (岳端普)

Mr. Yue Duanpu (岳端普), aged 52, joined our Group in November 2008. He was re-designated as an executive Director in June 2024. Mr. Yue is primarily responsible for management and operation, and project-based communications solutions business. He also serves various roles in our Group, including (i) the supervisor of Yunxun Science and Technology since September 2011, (ii) the supervisor of Zunyi Dike Data Consulting Co., Ltd. (遵義迪科數據諮詢有限公司) (formerly known as Beijing Dike Data Consulting Co., Ltd. (北京迪科數據諮詢有限公司)) since March 2018, (iii) the director and general manager of Sichuan Xunzhong since April 2022, (iv) the director and general manager of Sichuan Xuntong since May 2023, (v) the executive director and general manager of Ningxia Xunzhong Intelligent Technology Co., Ltd. (寧夏訊眾智慧科技有限公司) since May 2024, and (vi) the supervisor of Beijing Xunjie Suanwang Technology Co., Ltd. (北京訊捷算網科技有限公司) (formerly known as Beijing Yuyu E-commerce Co., Ltd. (北京語鈺電子商務有限公司)) since November 2025.

Mr. Yue has over 26 years of experience in information technology industry. Prior to joining our Company, from February 1998 to March 2001, he served as the deputy general manager in Xi'an Juxing Network Engineering Co., Ltd. (西安聚興網絡工程有限公司) and was responsible for project management. From March 2001 to January 2005, he served as the sales director in Shanxi Branch of China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司陝西省分公司) (formerly known as Shanxi Branch of China United Telecommunications Co., Ltd. (中國聯合通信有限公司陝西分公司)) and was responsible for project assessment and department management. From February 2005 to February 2006, he served as the deputy general manager in Xi'an Yasen Telecom Co., Ltd. (西安亞森通信股份有限公司) and was responsible for project assessment and company management. From February 2006 to February 2007, he served as the general manager in Beijing Yasen Aite Communication Technology Co., Ltd. (北京亞森艾特通信科技有限公司) and was primarily responsible for personnel assessment and company management. From February 2007 to April 2007, he served as the general manager in Beijing Dingyan Navigation Technology Development Co., Ltd. (北京鼎言領航科技發展有限公司) and was primarily responsible for department assessment and the strategy and management of company. From April 2007 to October 2008, he served as the deputy general manager in Yuante (Beijing) Communication Technology Co., Ltd. (遠特(北京)通信技術有限公司) and was responsible for operator business of the telecom cooperation department (電信合作部). From November 2017 to April 2023, he served as a legal representative in Shanghai Dingshu. From April 2019 to July 2023, he served as a legal representative in Chuangyin Future (Beijing) Information Technology Co., Ltd. (創音未來(北京)信息科技有限公司)(formerly known as Shanghai Halouwei Information Technology Co., Ltd.). From April 2019 to September 2022, he served as a legal representative in Jiangsu Hongluo.

Mr. Yue obtained a bachelor's degree in communication engineering from Xi'an University of Posts and Telecommunications (西安郵電大學) in July 1997.

Mr. Wang Peide (王培德)

Mr. Wang Peide (王培德), aged 44, joined our Group in March 2009. He was appointed as a Director in January 2018, and re-designated as an executive Director in June 2024. Mr. Wang is primarily responsible for the development and management of the PaaS business of our Group. Mr. Wang is also a member of our Strategic Committee. He also serves as the general manager of Yunxun Science and Technology since June 2017.

Mr. Wang has over 17 years of experience in the information technology industry. Prior to joining our Company, from July 2005 to March 2007, he worked as a channel business officer at Beijing Interconnect Time and Space Network Technology Co., Ltd. (北京互聯時空網絡技術有限公司) and was primarily responsible for the development of online search platform advertising agency network. From March 2007 to November 2008, he served as the marketing manager in Tianxia Internet (Beijing) Technology Co., Ltd. (天下互聯(北京)科技有限公司) and was primarily responsible for business development.

Mr. Wang obtained an associate's degree in business administration from Beijing Jinghai Institute of Advanced Study (北京京海研修學院) in July 2006 and a bachelor's degree in professional management in e-commerce from Beijing Open University in November 2021.

Mr. Zhang Zhishan (張治山)

Mr. Zhang Zhishan (張治山), aged 55, joined our Group in February 2017. He was appointed as a Director in September 2020, and re-designated as an executive Director in June 2024. Mr. Zhang is primarily responsible for operation management of the SaaS business of our Group. He also serves as the chairman of the board of directors of Huali Daxing since May 2018.

Mr. Zhang has over 18 years of experience in information technology industry. Prior to joining our Company, from July 2007 to December 2011, he worked in Beijing Yinglixun Technology Co., Ltd. (北京英立訊科技有限公司). From July 2012 to February 2017, he worked in Beijing Xinfang Communication Technology Co., Ltd. (北京新方通信技術有限公司).

Mr. Zhang obtained a bachelor's degree in metal pressure processing from University of Science and Technology Beijing (北京科技大學) in June 1997.

Ms. Chen Jing (陳晶)

Ms. Chen Jing (陳晶), aged 41, joined our Group in February 2022 and was appointed as an executive Director in June 2024. Ms. Chen is also a member of the Strategic Committee. Ms. Chen is primarily responsible for internal financial audit of our Group.

Ms. Chen has over 16 years of experience in the accounting and finance industry. Prior to joining our Company, from November 2007 to November 2015, she served in SHINEWING Certified Public Accountants (信永中和會計師事務所) and was primarily responsible for audit. From February 2017 to September 2018, she served in Beijing Hejiahui Technology Co., Ltd. (北京禾嘉慧科技有限公司) (formerly known as Yangshu Hengkang Investment (Beijing) Co., Ltd. (楊樹恒康投資(北京)有限公司)). From April 2019 to December 2020, she served as the investment director in Kingland Technology Co., Ltd. (京藍科技股份有限公司) and was primarily responsible for investment and financing management. From December 2020 to February 2022, she served as the investment director in Beijing Dongfang Huagai Equity Investment Co., Ltd. (東方華蓋股權投資管理(北京)有限公司) and was primarily responsible for investment and acquisition.

Ms. Chen obtained a bachelor's degree in financial management from Tianjin University of Finance and Economics (天津財經大學) in June 2007, and a master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in June 2023. Ms. Chen was a certified intermediate accountant by Tianjin Title Work Office (天津市職稱工作辦公室) since October 2013.

Mr. Xiang Ligang (項立剛)

Mr. Xiang Ligang (項立剛), aged 62, was appointed as an independent Director in September 2020, and re-designated as an independent non-executive Director in June 2024. Mr. Xiang is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, strategies, audit, nomination and remuneration and assessment. Mr. Xiang is also the chairman of our Remuneration and Assessment Committee and a member of our Strategic Committee, Audit Committee and Nomination Committee.

From August 2007 to March 2014, he served as the executive director in Beijing Feixiang Interactive Culture Media Co., Ltd. (北京飛象互動文化傳媒有限公司). From November 2016 to January 2021, he served as a director in Sunsea AIoT Technology Co., Ltd. (日海智慧科技股份有限公司). From December 2016 to August 2018, he served as a director in Wostore Technology Co., Ltd. (小沃科技有限公司). He is currently serving as the chairman of the board of directors in Qierling (Beijing) Health Technology Co., Ltd. (柒貳零(北京)健康科技有限公司).

Mr. Xiang obtained a master's degree in literature and art from Renmin University of China (中國人民大學) in July 1993.

Mr. Sun Qiang (孫強)

Mr. Sun Qiang (孫強), aged 56, was appointed as an independent Director in September 2023, and re-designated as an independent non-executive Director in June 2024. Mr. Sun is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit and remuneration and assessment. Mr. Sun is also the chairman of our Audit Committee and a member of our Remuneration and Assessment Committee.

Mr. Sun has over 21 years of experience in the accounting industry. Since November 2004, he served as a managing partner in Henan Huashen United Accounting Firm (General Partnership) (河南華審聯合會計師事務所(普通合夥)).

Mr. Sun is an external expert of the Department of Finance, Science and Technology Department and local Monetary Administration Bureau of Henan Province. Mr. Sun is also a member of the internal review committee for NEEQ of Central China Securities Co., Ltd. (中原證券股份有限公司), and a director of Henan Institute of Certified Public Accountants and a member of its disciplinary committee.

Mr. Sun obtained a bachelor's degree in audit (accounting) from Wuhan University (武漢大學) in July 1995. Mr. Sun was a certified public accountant by Ministry of Finance of the PRC since July 1999, a certified tax agent by State Administration of Taxation of the PRC since June 1999, and a senior accountant by Henan Provincial Accounting Series Certified Public Accountant Deputy Senior Title Assessment and Recognition Committee (河南省會計系列註冊會計師副高級職稱考核認定委員會) since December 2020.

Mr. Su Zile (蘇子樂)

Mr. Su Zile (蘇子樂), aged 51, was appointed as an independent Director in September 2023, and re-designated as an independent non-executive Director in June 2024. Mr. Su is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit, nomination and remuneration and assessment. Mr. Su is also the chairman of our Nomination Committee and a member of our Audit Committee and our Remuneration and Assessment Committee.

From July 1998 to July 2004, he served as an auditor assistant in Henan Hongxun Accountant Office Co., Ltd. (河南鴻訊會計師事務所有限公司). From July 2007 to September 2008, he served as an investment banking manager in Tebon Securities Inc. (德邦證券股份有限公司) (formerly known as Tebon Securities Co., Ltd. (德邦證券有限責任公司)). From October 2008 to August 2015, he served as associate in Beijing Jianming Law Firm (北京簡明律師事務所). From May 2014 to June 2016, he served as an independent non-executive director in Luohe Letone Hydraulics Technology Co., Ltd. (漯河利通液壓科技股份有限公司). He is currently serving as an executive director in Sanshitai Information Technology (Xuzhou) Co., Ltd. (三士泰信息科技(徐州)有限公司). Since January 2019, he has served as associate in Beijing Fazhao Law Firm (北京法曌律師事務所). Since October 2020, he has served as a supervisor in Beijing Fenghua Yisheng Consulting Management Co., Ltd. (北京豐華羿升諮詢管理有限公司).

Mr. Su obtained a graduation certificate in finance and insurance from Henan College of Commerce (河南商業高等專科學校) in June 1998, obtained a bachelor's degree taught by correspondence (函授本科) from the Correspondence College of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) in December 1999, and a master's degree in law from Lanzhou University (蘭州大學) in June 2007. Mr. Su has obtained a professional level 1 certificate by the Securities Association of China (中國證券業協會) since September 2005, and a lawyer qualification certificate issued by the Ministry of Justice of the PRC since April 2000 and has been a certified senior compliance officer by China Enterprise Evaluation Association (中國企業評價協會) since May 2023.

INFORMATION ON SENIOR MANAGEMENT

The biographical details of Mr. Piao Shenggen are set out in the section headed "Directors and Senior Management".

The biographical details of Mr. Yue Duanpu are set out in the section headed "Directors and Senior Management".

Mr. Chen Zaixiong (陳再雄)

Mr. Chen Zaixiong, aged 40, has over 16 years of relevant experience in financial management, accounting and corporate governance. He joined the Company in November 2025 as a financial supervisor, responsible for financial work. He has been appointed as the chief financial officer and a secretary to the Board of the Company since February 6, 2026.

Mr. Chen graduated from Dongbei University of Finance and Economics (東北財經大學) with a bachelor's degree in Accounting in July 2010. Mr. Chen obtained the title of Senior Accountant issued by the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in November 2025; the Senior ESG Evaluator certificate issued by the Hong Kong Quality Assurance Agency (香港品質保證局) in May 2025; the Qualification Certificate for Secretary to the Board issued by the National Equities Exchange and Quotations (the "NEEQ") in April 2017; the Qualification Certificate for Securities, Fund and Futures Practitioners issued by the Securities Association of China (中國證券業協會) in March 2018; and the Qualification Certificate for Secretary to the Board issued by the Shenzhen Stock Exchange in December 2018.

Prior to joining the Company, Mr. Chen served as a finance manager of Vats Liquor Chain Store Management Joint Stock Co., Ltd. (華致酒行連鎖管理股份有限公司) (a listed company on the Shenzhen Stock Exchange, Stock Code: 300755.SZ), the chief financial officer and secretary to the Board of Beijing Uhut Technology Co., Ltd. (北京喲哈科技股份有限公司) (a company formerly listed on the NEEQ from October 2015 to September 2020), the chief financial officer and secretary to the Board of Ebrun Inc. (北京億商聯動國際電子商務股份有限公司), and the chief financial officer of Beijing Chuzhiyuan Environmental Protection Technology Co., Ltd. (北京楚之園環保科技有限責任公司).

CHANGES IN INFORMATION AND CHANGES IN DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

The table below sets out the changes in the Directors, Supervisors and chief executives of the Company and changes in their respective information during the period from the Listing Date of the H Shares up to the date of this report:

Name	Position	Type of change	Reason for change	Date
Ms. Jiang Hongyan	Chairlady of the Supervisory Committee and Supervisor	Resignation	Corporate governance structure adjustment and cancellation of the Supervisory Committee	November 19, 2025
Mr. Guo Dawei	Supervisor	Resignation	Corporate governance structure adjustment and cancellation of the Supervisory Committee	November 19, 2025
Mr. Zhang Wen	Supervisor	Resignation	Corporate governance structure adjustment and cancellation of the Supervisory Committee	November 19, 2025
Ms. Hu Jun	Chief financial officer and secretary to the Board	Resignation	Retirement	February 6, 2026
Mr. Chen Zaixiong	Chief financial officer and secretary to the Board	Appointment	New appointment	February 6, 2026

During the Reporting Period, the Company resolved to abolish the Supervisory Committee and the position of supervisors. The Audit Committee under the Board shall exercise the duties and powers of the Supervisory Committee as prescribed by laws and regulations, and the corporate governance institutions relating to the Supervisory Committee, including the rules of procedure of the Supervisory Committee, shall be revoked accordingly. Ms. Jiang Hongyan, Mr. Guo Dawei and Mr. Zhang Wen have ceased to be supervisors of the Company. The aforesaid abolition of the Supervisory Committee was considered and approved by the shareholders' meeting at the sixth extraordinary shareholders' meeting of 2025 held on November 19, 2025, please refer to the announcements published by the Company on October 30, 2025 and November 19, 2025 for details, and the Articles of Association of the Company have been amended in connection with the aforesaid matter.

Ms. Hu Jun has resigned from her positions as the Company's financial controller, secretary to the Board and Joint Company Secretary due to having reached the statutory retirement age and for personal health reasons. Following Ms. Hu Jun's resignation, Mr. Chen Zaixiong was appointed as the Company's chief financial officer and secretary to the Board. The resignation and appointment of the above senior management were considered and approved at the 18th meeting of the 4th Board of Directors held by the Company on February 6, 2026. Please refer to the announcement published by the Company on February 6, 2026 for details.

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the Shareholders the corporate governance report during the Reporting Period.

COMPLIANCE WITH THE CG CODE

As a company listed on the Stock Exchange, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Company's Shareholders and to enhance corporate value and accountability. the Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Piao is serving as the Chairman of the Board as well as the chief executive officer of the Company. As Mr. Piao has been managing our Group's business and overall strategic planning since its establishment, the Directors consider that vesting the roles of Chairman and chief executive officer in Mr. Piao ensures consistency in the leadership of the Group and is beneficial to the business prospects and management of the Group. Taking into account all the corporate governance measures that we are going to implement upon the Listing, the Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company has not segregated the roles of its Chairman and chief executive officer. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of Chairman of the Board and chief executive officer is necessary.

During the Reporting Period, the Company had not arranged directors' liability insurance for its directors. The Board confirmed that it is fully aware of the provision under Rule C.1.7 of the Corporate Governance Code set out in Appendix C1 of the Listing Rules of the Stock Exchange, which requires appropriate insurance arrangements to be made for directors against legal proceedings. The Company will arrange the aforementioned directors' liability insurance for its directors as soon as possible. The Company has actively engaged in negotiations and evaluations with a number of experienced insurance companies and insurance brokers regarding the terms, scope of cover and premium levels of directors' liability insurance. As the Company needs to comprehensively consider the adequacy of cover, cost-effectiveness of different insurance schemes as well as the individual risk characteristics of directors in the performance of their duties, the relevant selection and internal approval processes have not yet been completed.

Save as disclosed above, to the knowledge of the Directors, the Company has complied with all applicable code provisions of the CG Code during the period from the Listing Date to December 31, 2025, and adopted the recommended best practices set out therein where appropriate. Meanwhile, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

For details of the corporate governance culture and sustainable development strategies of the Company, please refer to the 2025 Social, Environmental and Governance Report issued on April 24, 2026.

BOARD OF DIRECTORS

Composition of the Board

As at the end of the Reporting Period, the Board consisted of 8 Directors, including 5 executive Directors and 3 independent non-executive Directors.

As at the Latest Practicable Date, the Board consisted of 8 Directors, including 5 executive Directors and 3 independent non-executive Directors.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this Annual Report. To the best knowledge of the Directors, there is no relationship (including financial, business, family or other material or relevant relationship) between the Board members. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

The composition of the Board is set out as follows:

Name	Position	Term of office
Mr. Piao Shenggen (樸聖根)	executive Director, Chairman of the Board, chief officer and general manager	September 2023 to September 2026
Mr. Yue Duanpu (岳端普)	executive Director and deputy general manager	September 2023 to September 2026
Mr. Wang Peide (王培德)	executive Director	September 2023 to September 2026
Mr. Zhang Zhishan (張治山)	executive Director	September 2023 to September 2026
Ms. Chen Jing (陳晶)	executive Director	June 2024 to September 2026
Mr. Xiang Ligang (項立剛)	independent non-executive Director	September 2023 to September 2026
Mr. Sun Qiang (孫強)	independent non-executive Director	September 2023 to September 2026
Mr. Su Zile (蘇子樂)	independent non-executive Director	September 2023 to September 2026

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 9, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Since its Listing, the Company has implemented multiple mechanisms to ensure independent views and input are available to the Board, including but not limited to engaging independent third parties to seek independent professional advice to assist the Board of Directors in the performance of duties at the Company's expense. The Company has appointed at least three independent non-executive Directors in accordance with the Listing Rules, which require that the appointed independent non-executive Directors must account for at least one-third of the Board members, and fully comply with Rules 3.10(1) and (2) of the Listing Rules. In order to ensure high independence of the Board, the Board reviews the implementation and effectiveness of relevant independence mechanisms on an annual basis.

The Board is aware of the requirement under the CG code for financial years commencing on or after 1 July 2025 to conduct the Board's performance review at least once every two years. For the year ended 31 December 2025, no Board's performance review was conducted. The Board is in the progress of assessment of how the Board's performance is to be evaluated and the desired performance objectives for the Board's performance review to be conducted no later than year 2027.

Diversity Policy of Board Members

In accordance with the CG Code as set out in Appendix C1 to the Listing Rules, the Company has adopted a Board Diversity Policy.

In order to achieve balanced and sustainable development, the Company regards the increasing diversity of its Board members as a key element in supporting the Company in achieving its strategic objectives and maintaining sustainable development. When setting the composition of the Board, the Company will consider and achieve diversity of Board members from multiple aspects. All appointments will continue to be made on a merit basis of candidates, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and service tenure. The Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Each Director's relevant skills, professions and experiences are disclosed in their biographical information under the section headed "Directors and Senior Management" of this Annual Report. All appointments to the Board are made on the basis of merit and candidates are considered objectively, while fully taking into account the benefits of diversity of Board members. The Company understands and firmly believes in the benefits of diversity of Board members. The goal of gender diversity on the Board is to maintain at least one female. During the Reporting Period, there was one female on the Board of the Company, which has achieved the goal of gender diversity. For details of the gender diversity of the Board, please refer to the 2026 Environmental, Social and Governance Report published by the Company on 24 April 2026.

During the Reporting Period, being reviewed by the Nomination Committee, the Board is in compliance with the requirements of the Board Diversity Policy regarding different professional backgrounds, skills, ages and genders, which effectively facilitates the Company's decision-making on major issues. The diversified composition of the Board is as follows:

No.	Name	Position	Age	Gender	Education and areas of expertise	Commencement time of directorship
1	Mr. Piao Shenggen (樸聖根)	Executive Director, Chairman of the Board, chief officer and general manager	55	Male	Bachelor degree, responsible for the overall management and strategy of the Group	Appointed as a Director in August 2014 and re-appointed as an executive Director in June 2024
2	Mr. Yue Duanpu (岳端普)	Executive Director and deputy general manager	52	Male	Bachelor degree, responsible for the business management and operation of the Group's project-based communication solutions	Appointed as a Director in August 2014 and re-appointed as an executive Director in June 2024
3	Mr. Wang Peide (王培德)	Executive Director	44	Male	Bachelor degree, responsible for the business expansion and management of the Group's PaaS business	Appointed as a Director in January 2018 and re-appointed as an executive Director in June 2024
4	Mr. Zhang Zhishan (張治山)	Executive Director	55	Male	Bachelor degree, responsible for the business operation and management of the Group's PaaS business	Appointed as a Director in September 2020 and re-appointed as an executive Director in June 2024
5	Ms. Chen Jing (陳晶)	Executive Director	41	Female	Master degree, responsible for the internal financial audit of the Group	Appointed as an executive Director in June 2024
6	Mr. Xiang Ligang (項立剛)	independent non-executive Director	62	Male	Master degree, responsible for participating in the Company's major decision-making and providing advice on matters relating to corporate governance, strategy, audit, nomination, remuneration and assessment	Appointed as an independent Director in September 2020 and re-appointed as an independent non-executive Director in June 2024
7	Mr. Sun Qiang (孫強)	independent non-executive Director	56	Male	Bachelor degree, responsible for participating in the Company's major decision-making and providing advice on corporate governance, audit, remuneration and assessment	Appointed as an independent Director in September 2023 and re-appointed as an independent non-executive Director in June 2024
8	Mr. Su Zile (蘇子樂)	independent non-executive Director	51	Male	Master degree, responsible for participating in the Company's major decision-making and providing advice on matters relating to corporate governance, strategy, audit, nomination, remuneration and assessment	Appointed as an independent Director in September 2023 and re-appointed as an independent non-executive Director in June 2024

The Company discloses the composition of the Board in the Corporate Governance Report on an annual basis and oversees the enforcement of the Board Diversity Policy. The Nomination Committee reviews the Policy each year to ensure its effectiveness. Any necessary revisions are discussed by the Nomination Committee and proposed to the Board for approval.

BOARD MEETINGS

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year and such meetings shall be convened by the Chairman. A notice of the Board meeting shall be sent to all Directors at least 14 days prior to the convening of the meeting, to enable them to attend the meeting and incorporate the related matters in the agenda.

During the period from the Listing Date to December 31, 2025, the Board convened 2 meetings and submitted 12 resolutions to the General Meetings. The attendance of the Directors at Board meetings is as follows:

Name	Number of meetings required to be attended during tenure	Number of meetings attended during tenure	Number of meetings attended by proxy during tenure
Mr. Piao Shenggen (樸聖根)	2	2	0
Mr. Yue Duanpu (岳端普)	2	2	0
Mr. Wang Peide (王培德)	2	2	0
Mr. Zhang Zhishan (張治山)	2	2	0
Ms. Chen Jing (陳晶)	2	2	0
Mr. Xiang Ligang (項立剛)	2	2	0
Mr. Sun Qiang (孫強)	2	2	0
Mr. Su Zile (蘇子樂)	2	2	0

Duties and Powers Exercised by the Board of Directors and Management

The Board of Directors has the following, among others, duties and powers according to the Articles of Association:

(I) to convene the shareholders' meeting and report on its work to the shareholders' meeting;

(II) to implement the resolutions adopted at shareholders' meetings;

(III) to decide on the Company's business plans and investment plans;

(IV) to formulate the Company's profit distribution plan and loss makeup plan;

(V) to formulate proposals for increases or reductions of the Company's registered capital, the issuance of bonds or other securities, and listing;

(VI) to formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, or merger, division, dissolution and change of the form of the Company, subject to compliance with the securities regulatory rules of the place(s) where the Company's shares are listed;

(VII) to determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donations within the scope authorized by the shareholders' meeting;

(VIII) to decide on the establishment of the Company's internal management structure and special board committees;

(IX) to decide on the appointment or dismissal of the Company's manager, board secretary and other senior officers and decide on their remuneration and reward and punishment; according to the nomination by the manager, to decide on the appointment or dismissal of the Company's deputy manager, the finance officer (chief financial officer) and other senior officers and decide on their remuneration and reward and punishment;

(X) to formulate and amend the Company's basic management system;

(XI) to formulate proposals for amendment to the Articles of Association;

(XII) to propose to the shareholders' meeting to hire or replace the accounting firm conducting audit of the Company;

(XIII) to listening to the work reports from the manager of the Company and review the work of the manager;

(XIV) to manage the Company's information disclosure matters;

(XV) to consider and approve relevant transactions and submit such transactions to the shareholders' meeting for consideration and approval if such transactions meet the authority of the shareholders' meeting;

(XVI) to discuss and evaluate whether the corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the corporate governance structure is reasonable and effective;

(XVII) to exercise other functions and powers as stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed or the Articles of Association.

The Board of Directors is also responsible for the followings: formulating, reviewing and improving the corporate governance system and condition of the Company; reviewing and supervising the training and continuing professional development of Directors and senior management personnel; reviewing and supervising the Company's policies pursuant to and the compliance with laws and relevant regulations of the securities regulatory authority where the Shares are listed and making relevant disclosure; formulating, reviewing and supervising the code of conduct and relevant compliance manual of the Company's employees and Directors.

The Board of Directors of the Company establishes an Audit Committee, a Strategic Committee, a Nomination Committee, a Remuneration and Assessment Committee and other special committees. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association, rules of procedure of respective committees and the authorization of the Board of Directors. If there are any discrepancies between provisions of the Company Law and the Articles of Association, the Company Law shall prevail. All the members of the special committees shall comprise members of the Board of Directors. The Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee shall be comprised by a majority of independent directors who shall act as the chairmen, and the chairman of the Audit Committee shall be an accounting professional. The Board of Directors is responsible for formulating the rules of procedure of the special committees and regulating their operation.

The Company's management comprises general manager, deputy general manager and the secretary to the Board. The general manager is accountable to the Board and mainly exercises the following duties and powers:

(I) to be in charge of the production and operational management of the Company, organize the implementation of resolutions of the Board of Directors, and report his/her work to the Board of Directors;

(II) to organize the implementation of the annual business plans and investment schemes of the Company;

(III) to formulate the scheme on the setup of the internal management organization of the Company;

(IV) to formulate the fundamental management systems of the Company;

(V) to formulate the specific rules of the Company;

(VI) to propose the appointment or dismissal of the deputy manager and person in charge of finance (chief financial officer) of the Company by the Board of Directors;

(VII) to appoint or dismiss the management personnel other than those who shall be appointed or dismissed by the Board of Directors;

(VIII) to exercise other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager attends the meetings of the Board of Directors and shall have no voting rights at the meetings of the Board of Directors.

Appointment and Re-election of Directors

Directors shall be elected by the general meeting as stipulated in the Articles, but no term of office shall last for more than three years, who may serve consecutive terms if re-elected. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the Nomination Committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at General Meetings. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company has entered into service contracts with each of the Directors (including independent non-executive Directors) for 3 years. The appointment of a new Director is made on the recommendation of the Nomination Committee and the Board, and approved by the Shareholders at a general meeting of the Company. Any Director who has been nominated by the Nomination Committee and appointed by the Board to fill a casual vacancy or as addition to the Board shall hold office from the date of his/her appointment till the expiry of the term of the current session of the Board.

Directors' Remuneration

Details of the Directors' remuneration are set out in Section X. Financial Report, Note XV of the Financial Statements – Other Significant Events, (II) Other significant transactions and matters, 1. Remuneration of directors, supervisors and senior management.

Training of Directors

All Directors participated in continuous professional development training during the Reporting Period to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. The Directors confirmed that they have complied with Code Provision C.1.4 under Section II of the Corporate Governance Code and Rule 3.09H of the Listing Rules on directors' training. Details of the training of current Directors during the Reporting Period are set out as below:

Name	Position	Training hours	Areas covered in the training
Mr. Piao Shenggen (樸聖根先生)	executive Director, Chairman of the Board, chief officer and general manager	25	corporate governance and relevant regulations, corporate management, strategic planning, research on the cloud communications industry, research on the intelligent computing industry, risk management and internal monitoring, and ESG
Mr. Yue Duanpu (岳端普先生)	executive Director and deputy general manager	23	corporate governance and relevant regulations, corporate management, strategic planning, research on the cloud communications industry, new AI-empowered communications, human resource management, risk management and internal monitoring, and ESG
Mr. Wang Peide (王培德先生)	executive Director	22	corporate governance and relevant regulations, corporate management, strategic planning, research on the cloud communications industry, research on the intelligent computing industry, risk management and internal monitoring, and ESG
Mr. Zhang Zhishan (張治山先生)	executive Director	23	corporate governance and relevant regulations, corporate management, strategic planning, research on the cloud communications industry, AI agents, risk management and internal monitoring, and ESG
Ms. Chen Jing (陳晶女士)	executive Director	19	corporate governance and relevant regulations, corporate management, strategic planning, research on audit, investment and financing, risk management and internal monitoring, and ESG
Mr. Xiang Ligang (項立剛先生)	independent non-executive Director	19.5	corporate governance and relevant regulations, corporate management, strategic planning, research on communication technology, research on the intelligent computing industry, AI and large models, and ESG
Mr. Sun Qiang (孫強先生)	independent non-executive Director	37	corporate governance and relevant regulations, corporate management, auditor practice quality and audit risks, risk management and internal monitoring, and ESG
Mr. Su Zile (蘇子樂先生)	independent non-executive Director	29.5	corporate governance and relevant regulations, corporate management, overseas investment and financing management, company law, intellectual property rights, risk management and internal monitoring, and ESG

Corporate Governance Functions

The corporate governance functions were performed by the Board. The corporate governance functions include developing and reviewing the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; overseeing the Company's orientation program for new Directors; reviewing and monitoring the training and continuous professional development of Directors and senior management personnel; developing, reviewing and monitoring the code of conduct applicable to employees and Directors and compliance manual; and reviewing the Company's disclosure in the Corporate Governance Report. In 2025, the Board has reviewed the Company's corporate governance policies and regular training matters and reviewed the Corporate Governance Report in the Annual Report 2025.

The Board is of the view that, from the date of the listing of the Company's H shares up to the end of the Reporting Period, the Company has implemented corporate governance practices to comply with all the provisions and most of the best recommended practices set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules. Save for provision C.2.1 of Part 2 of the Corporate Governance Code (as explained below), the Company has complied with the applicable code provisions of the Corporate Governance Code. The Board will continue to discharge its duties in accordance with the Corporate Governance Code and will continue to review and monitor the Company's corporate governance practices and codes to maintain a high standard of corporate governance.

Rule requirements	Specific explanations
provision C.2.1 of the Corporate Governance Code requires that the roles of chairman of the board and chief officer should be separate and should not be performed by the same individual	Mr. Piao is serving as the Chairman of the Board as well as the chief executive officer of our Company. As Mr. Piao has been managing our Group's business and overall strategic planning since its establishment, our Directors consider that vesting the roles of Chairman and chief executive officer in Mr. Piao is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we are going to implement upon the Listing, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its Chairman and chief executive officer. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of Chairman of our Board and chief executive officer is necessary.

BOARD COMMITTEES

There are four Board committees, namely the Audit Committee, Remuneration and Assessment Committee, Nomination Committee and Strategic Committee. All Board committees established by the Company have specific written terms of reference which clearly specify their powers and duties. The terms of reference of the Board Committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Audit Committee

As at the end of the Reporting Period and as of the Latest Practicable Date, the Audit Committee consists of 3 independent non-executive Directors, namely Mr. Sun Qiang, Mr. Xiang Ligang and Mr. Su Zile, with Mr. Sun Qiang as the chairman of the Audit Committee. Mr. Sun Qiang is a finance professional.

The primary responsibilities of the Audit Committee of the Company include: providing recommendations to the Board on the appointment, reappointment, remuneration and terms of engagement of external auditors; reviewing and monitoring the independence and objectivity of external auditors and the effectiveness of audit procedures in accordance with applicable standards; reviewing financial information of the Company, monitoring the integrity of the Company's financial statements and annual reports and accounts, interim reports and quarterly reports (if to be published), and reviewing the financial information therein; overseeing the Company's financial reporting system, risk management and internal monitoring systems; and performing other duties and powers as conferred by the regulatory rules of the place where the Company's shares are listed, the Articles of Association and the Board. In addition, in accordance with the Company Law, the Audit Committee may exercise the duties and powers of a Board of Supervisors as stipulated in the Company Law.

The Audit Committee held 3 meetings during the Reporting Period to consider and approve matters in relation to, among others, the Company's unaudited consolidated financial statements for the six months ended June 30, 2025, the 2025 Interim Report (NEEQ), the Interim Results Announcement (H Shares) and the Interim Report (H Shares); matters in relation to the proposed change of H Share auditor for the year 2025 and communication with the auditor on the Company's annual audit; the review of the Company's financial reporting system, risk management and internal control systems, with monitoring their reasonableness, effectiveness and implementation, and making recommendations to the Board of Directors; as well as handling other matters authorized by the Board of Directors. The Audit Committee regularly met the risk monitoring team on an annual basis in accordance with its terms of reference without the presence of the management.

Remuneration and Assessment Committee

As at the end of the Reporting Period and as of the Latest Practicable Date, the Remuneration and Assessment Committee consists of 3 independent non-executive Directors, namely Mr. Xiang Ligang, Mr. Sun Qiang and Mr. Su Zile, with Mr. Xiang Ligang as the chairman of the Remuneration and Assessment Committee.

The Company has adopted the model as proposed to the Board by the Remuneration and Assessment Committee in determining the remuneration packages of Directors, Supervisors and senior management.

The primary responsibilities of the Remuneration and Assessment Committee include: to study and formulate the remuneration policies and plans for Directors and senior management under the model described in code provision E.1.2(c)(ii) of Part 2 of the Code; to review the performance of responsibilities of the Company's Directors and senior management and conduct annual performance evaluation to them; to make recommendations to the Board on matters relating to equity incentives, employee stock plans and other relevant matters; and to perform other duties and powers as conferred by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the Board.

The Remuneration and Assessment Committee has reviewed its scope of duties and powers (which are available for inspection on the website of the Hong Kong Stock Exchange and the Company's website) to comply with the code.

The Remuneration and Assessment Committee held one meeting during the Reporting Period to consider and approve the amendment of the rules of the Company's Remuneration and Assessment Committee, and review the performance of the Committee.

Nomination Committee

As at the end of the Reporting Period and as of the Latest Practicable Date, the Nomination Committee consisted of 3 Directors, including 2 independent non-executive Directors, namely Mr. Su Zile and Mr. Xiang Ligang, and one executive Director, Ms. Chen Jing, with Mr. Su Zile as the chairman of the Nomination Committee.

The primary responsibilities of the Nomination Committee of the Company include: to formulate criteria and procedures for the selection of Directors and senior management, and to select and review candidates for Directors and senior management; to make recommendations to the Board on the size, composition and diversity policy of the Board; to review the independence of independent non-executive Directors; to evaluate the performance of the Board; and to perform other duties and powers as conferred by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the Board.

The review process and criteria on candidates for directorship include: (1) collecting or requiring relevant departments of the Company to collect the information on the occupation, educational background, title, detailed working experience and all part-time jobs of the candidates, and preparing an outline of written materials; (2) convening meetings of the Nomination Committee to review whether the candidates' qualifications meet the requirements of directors of the Company, make suggestions and recommend appointments by way of proposals; and (3) carrying out other related work arrangements in accordance with the decisions of and feedback from the Board. During the year, the Nomination Committee conducted a careful assessment of each director's time commitment, actual contribution, and effectiveness in performing duties. The assessment focused on factors such as the director's time dedication, independence status, industry experience, and diverse background, so as to ensure a well-structured and efficient board. Based on the Committee's evaluation, all directors demonstrated sufficient time commitment and actively fulfilled their responsibilities. The independent non-executive directors continued to maintain their independence, with no relationship or conflict of interest that could affect their independent judgment. The Committee is of the view that all directors are competent, and their experience and diverse attributes have effectively enhanced the overall governance level of the board.

The relevant departments of the Company are responsible to cooperate with the Nomination Committee to carry out its work and provide relevant materials. The Nomination Committee shall be provided with sufficient resources to discharge its duties. The Nomination Committee shall be accountable to the Board. The recommendations provided by the Nomination Committee shall be submitted to the Board for consideration and approval. The Board shall be ultimately responsible for all matters in relation to the selection and appointment of the Directors.

Nomination Policy

The main duties of the Nomination Committee set out in 1 to 4 above are regarded as the key nomination criteria and principles of the Company for the nomination of Directors, and these provisions constitute the nomination policy of the Company (the "**Nomination Policy**"). The objective of the Nomination Policy is to ensure the members of the Board possess the skills, experiences, and multiple perspectives required for the business of the Company. The Nomination Committee considered that the composition of the Board of the Company was in compliance with the requirement of the Board Diversity Policy during the Reporting Period.

The Nomination Committee held one meeting during the Reporting Period, which reviewed the amendments of the rules of the Company's Nomination Committee, and considered and approved the structure, size and composition of the Board of the Company and the independence of the independent non-executive Directors.

Strategic Committee

As at the end of the Reporting Period and as of the Latest Practicable Date, the Strategic Committee consists of 3 Directors, including one independent non-executive Director, namely Mr. Xiang Ligang, two executive Directors, Mr. Piao Shenggen and Mr. Wang Peide, with Mr. Piao Shenggen as the chairman of the Strategic Committee.

The primary responsibilities of the Strategic Committee include: to study and put forward recommendations on the Company's long-term development plans, operation objectives and development guidelines; to study and put forward recommendations on the Company's operating strategies including but not limited to product strategy, market strategy, marketing strategy, R&D strategy and talent strategy; to study and put forward recommendations on the Company's major strategic investment and financing plans; to study and put forward recommendations on the Company's major capital operations and asset operation projects; to study and put forward recommendations on other major matters affecting the Company's development strategy; to follow up and inspect the implementation of the above matters; and to perform other matters authorized by the Company's Board.

The Strategic Committee held one meeting during the Reporting Period, which considered and passed the resolution to the amendment to the rules of procedure of the Strategic Committee.

Attendance of the Directors at the Board committee meetings during the Reporting Period

		Meetings Attended/Held during Tenure			
Name	Positions	Audit Committee	Remuneration and Assessment Committee	Nomination Committee	Strategic Committee
Mr. Piao Shenggen (樸聖根)	executive Director, Chairman of the Board, chief officer and general manager	N/A	N/A	N/A	1/1
Mr. Yue Duanpu (岳端普)	executive Director and deputy general manager	N/A	N/A	N/A	N/A
Mr. Wang Peide (王培德)	executive Director	N/A	N/A	N/A	1/1
Mr. Zhang Zhishan (張治山)	executive Director	N/A	N/A	N/A	N/A
Ms. Chen Jing (陳晶)	executive Director	N/A	N/A	1/1	N/A
Mr. Xiang Ligang (項立剛)	independent non-executive Director	3/3	1/1	1/1	1/1
Mr. Sun Qiang (孫強)	independent non-executive Director	3/3	1/1	N/A	N/A
Mr. Su Zile (蘇子樂)	independent non-executive Director	3/3	1/1	1/1	N/A

* In respect of the change in capacities of the Directors, please refer to section headed "Corporate Profile" in this report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors of the Company has complied with the independence guidelines as set out in Rule 3.13 of the Listing Rules and has submitted to the Company the requisite annual confirmation regarding their independence. None of the independent non-executive Directors of the Company has any business with or significant financial interests in the Company or its subsidiaries and therefore all the independent non-executive Directors continue to be considered by the Company to be independent as required by the Listing Rules.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility for supervising the preparation of annual accounts in order to give a true and fair view of the financial position, operating results and cash flow of the Company during the Reporting Period. For the purpose of the preparation of the financial statements for the Reporting Period, the Directors have selected appropriate accounting policies, adopted applicable accounting principles, made judgments and assessments that are prudent and reasonable and ensured the accounts were prepared on a going concern basis. The Directors have confirmed that the Group's financial statements were prepared in accordance with the requirements of laws and applicable accounting principles.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, share price sensitive information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment and give approval of the financial information and position of the Company.

The Directors have reviewed the effectiveness of the internal control system of the Group. The review covered all the material aspects of its internal controls, including the supervision of the financial, operational and compliance affairs, as well as risk management.

There are no material uncertainties relating to events or conditions that may cast material doubts on the Group's ability to continue as a going concern.

COMPLIANCE WITH THE MODEL CODE ON SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry, all Directors and Supervisors has confirmed that they had strictly complied with the required standards set out in the Model Code during the period from the Listing Date up to the date of this annual report (or, in the case of Supervisors, the period from the Listing Date up to the

discontinuation of the Supervisory Committee of the Company on November 19, 2025). The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on terms no less exacting than those in the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time in order to ensure compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has built a strict, standardized, comprehensive and effective internal control system, with risk management as the guidance in accordance with the requirements of paragraph D.2 under Section II of the Corporate Governance Code. Through "strong executive and strict accountability" and strengthened information management, the Group formulated rules and regulations including the "Risk Assessment", "Internal Audit Management System", "Anti-fraud Management System", "Prevention System of Conflicts of Interest" in accordance with relevant laws and regulations and the requirements of the Articles of Association for strict implementation, embedded risk management requirements into business processes to promote the enterprise to carry out operating activities in accordance with the laws and regulations, and realized the management and control objectives of "strengthen internal control, prevent risks and promote compliance", formed a comprehensive risk prevention and control mechanism involving all members, covering the entire process and system. The Supervisory Committee, the Audit Committee, and the audit and supervision department of the Company carries out the internal audit function, to effectively safeguard the effectiveness of the internal control system and facilitate the stable operation of the enterprise. During the annual risk management and internal control process, the company continues to ensure the comprehensiveness, continuity, and independence of the monitoring procedures. We have established and maintained a risk management and internal control system, including policies and procedures that we consider suitable for our business operations, and we are committed to continuously improving these systems. The company has institutionalized processes to identify, assess, and manage significant risks. Major potential risks are identified through documents such as risk checklists, while a combination of qualitative and quantitative methods is used to assess the likelihood and impact of such risks. Based on the assessment results, response strategies such as avoidance, transfer, mitigation, or acceptance are formulated. At the same time, the company maintains a complete and accurate disclosure procedure to ensure that all material information, after verification, approval, and compliance review, is disclosed to the market in a timely, truthful, accurate, and complete manner.

Internal control review

During the Reporting Period, the Company carried out the annual review of internal control covering the Reporting Period for the improvement of systems, standardization of process and prevention of risks in accordance with the requirements of the enterprise internal control standard system, integrating the internal control system and evaluation methods, with a view to strengthening the execution of internal control through review, improving the internal control system, ensuring legal compliance of operation and management, assets safety, the truthfulness and completeness of financial reports and related information, enhancing the operating efficiency and effectiveness, and facilitating the realization of development strategies. The total assets of the main entities included in the review scope accounted for 100.00% of the total assets in the consolidated financial statements, and the total operating revenue accounted for 100.00% of the total revenue in the consolidated financial statements, covering the Group's important business matters and high-risk areas. The audits covered key risks in operation such as bidding management, financial management, asset management, bill management, inventory management, accounts receivable management, cost management, quality management, supplier management, engineering project management, safety management and connected transaction management, which provided full coverage of businesses with key risks.

Treatment procedures of deficiencies in internal control

According to the requirements of the enterprise internal control standard system for the identification of major defects, important defects and general defects, combined with the company's scale, industry characteristics, risk appetite and risk tolerance and other factors, the Company distinguishes between internal control over financial reporting and internal control over non-financial reporting, and studies and determines the specific identification standards for internal control defects applicable to the Company, which are consistent with previous years. The standards have been approved by the Board. After audit and inspection, the audit and supervision department of the Company will prepare a work report on the deficiencies and abnormalities, improvement suggestions and progress of treatment in respect of internal control, which will then be submitted to the Chairman and the management. The management of the Company proposed rectification measures and implemented rectification plans, and the Audit and Supervision Department continued to supervise the rectification situation; the audit and supervision department shall immediately report to the Audit Committee when it discovers material deficiencies or abnormalities in internal control of the Company, and the Board shall give practical solutions.

Review results on internal control

Having reviewed the effectiveness of the Company's internal control system during the Reporting Period, the Board is of the opinion that the Company's internal control system has been operating effectively and is adequate as of December 31, 2025, and that there are no material deficiencies nor any weakness in material risk control based on the outcome of risk management and internal control work implemented by the Group as of the Latest Practicable Date. According to the requirements of the enterprise internal control standard system, regarding the general defects found during the Reporting Period, the Company has taken corresponding rectification measures to continuously improve its internal controls.

Internal controls have inherent limitations, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and any monitoring system can only provide reasonable assurances rather than absolute guarantees. Despite that, the Board is responsible for the risk management and internal control systems and the Board and management of the Company undertake to continuously improve the risk management and internal control system of the Company.

AUDITOR AND ITS REMUNERATION

The Group's auditor for the year 2025 is Da Hua Certified Public Accountants LLP (Special General Partnership), and the Group has not changed its auditor in the past three years. After the Listing, Ernst & Young has retired as the auditor and reporting accountant involved in the Global Offering for the Relevant Period. For details, please refer to the announcements published by the Company on the HKEXnews website on 30 October 2025 and 9 January 2026. In 2025, the Group paid a total of approximately RMB3.29 million as auditor's remuneration, of which RMB2.97 million was paid for audit services related to the audit of the Company's consolidated financial report; and approximately RMB0.32 million was paid for non-audit services related to the tax consultation, etc.

Note: The above audit fees relating to the audit of the Company's consolidated financial statements include the auditor's remuneration actually paid by the Company to Ernst & Young in relation to the Company's Global Offering in 2025.

GENERAL MEETINGS

During the period from the Listing Date to December 31, 2025, the Company held 2 General Meetings, with certain Directors, Supervisors and senior management attending the General Meetings. The records of attendance of the Directors are as follows:

Name	Positions	Number of meetings required to be attended during tenure	Number of meetings attended during tenure
Mr. Piao Shenggen (樸聖根)	executive Director, Chairman of the Board, chief officer and general manager	2	2
Mr. Yue Duanpu (岳端普)	executive Director and deputy general manager	2	2
Mr. Wang Peide (王培德)	executive Director	2	2
Mr. Zhang Zhishan (張治山)	executive Director	2	2
Ms. Chen Jing (陳晶)	executive Director	2	2
Mr. Xiang Ligang (項立剛)	independent non-executive Director	2	2
Mr. Sun Qiang (孫強)	independent non-executive Director	2	2
Mr. Su Zile (蘇子樂)	independent non-executive Director	2	2

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The General Meetings of the Company provide a forum for communication between Shareholders and the Board. The Company shall give 21 days' prior written notice to Shareholders for convening an annual general meeting and 15 days' prior written notice shall be given to Shareholders for convening an extraordinary general meeting.

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit such request in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association of the Company, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days after receiving the request.

If the Board disagrees to convene an extraordinary general meeting or fails to give a reply within 10 days upon receipt of the request, Shareholder(s) who individually or collectively hold not less than 10% of the Company's shares shall have the right to propose to the Audit Committee to convene the extraordinary general meeting and shall submit their request in writing.

If the Audit Committee fails to give the notice of the shareholders' meeting within the specified time limit, it shall be deemed that the Audit Committee shall not convene or preside over the shareholders' meeting, in which case, the Shareholder(s) who individually or collectively hold not less than 10% of the Company's shares for not less than 90 consecutive days may convene and preside over the meeting by themselves.

When the Audit Committee or the Shareholder(s) decide to convene a shareholders' meeting by themselves, they shall notify the Board in writing. Before a resolution at a shareholders' meeting is made, the shareholding percentage of the convening Shareholder(s) shall be not less than 10%.

The necessary expenses for a shareholders' meeting convened by the Audit Committee or the shareholders shall be borne by the Company.

The Company holds the General Meetings. Shareholder(s) independently or jointly holding not less than 1% of the Company shares may, ten days before the shareholders' meeting is held, put forward interim proposals and submit such proposals in writing to the conveners. The conveners shall, within two days of receiving any such proposal, send out a supplementary shareholders' meeting notice, announce the content of interim proposals and submit the same to the shareholders' meeting for consideration.

Shareholders' Enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on the website of the Stock Exchange and the website of the Company at https://www.commchina.net, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Pursuant to Rule 2.07A of the Listing Rules of the Hong Kong Stock Exchange under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted the arrangement of electronic dissemination of corporate communications (as defined in Rule 1.01 of the Listing Rules, representing any document(s) issued or to be issued by the Company for information or action of holders of any of its securities, including but not limited to (a) annual report; (b) interim report; (c) notice of meeting; (d) listing document; (e) circular; and (f) proxy form) from 6 March 2024. Both the English and Chinese versions of all corporate communications will be available on the https://www.commchina.net/index and the HKEXnews website (www.hkexnews.hk) in place of printed copies. Shareholders may contact the Company if they want to receive corporate communications in printed form, or wish to receive them via email.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on pages 2 and 3 of this annual report.

The Board welcomes Shareholders' views and encourages them to attend General Meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of shareholder communications policy.

Information Disclosure and Investor Relations

The investor relations of the Group in 2025 were effectively carried out under the leadership and support of the Board and the management. The Company is committed to timely and fairly disclosures of comprehensive and accurate information to investors, and focuses on the maintenance of sound investors relations and maintains effective communication with investors through various means. After the Company's announcements of its interim and annual results, the Board is committed to providing shareholders with clear and comprehensive results by releasing or publishing interim and annual reports. During the Reporting Period, the management and investor relations management department of the Company communicated with investors and analysts in relation to the operating results and business development trends of the Group from time to time by way of investors' investigation and research, attending major investment forums, receiving telephone calls and emails, etc. to strengthen communication with investors and facilitate the understanding of management, financial conditions, operations, strategies and plans of the Company by investors. The Company also proactively provides investor relations information on the Company's website, with a view to establishing and maintaining a good relationship with investors.

Amendments to the Articles of Association

On August 27, 2025, the Board approved a resolution on the proposed amendments to the Articles of Association on the expansion of the Company's scope of business. On October 30, 2025, the Board approved a resolution on the proposed amendments to the Articles of Association on (1) removing content related to the Supervisory Committee and supervisors and stipulating that the audit committee of the Board shall exercise the powers and functions of the supervisory committee of the Company as prescribed by the Company Law; (2) revising relevant content in reference to the Guidelines on Articles of Association of Listed Companies and other regulations; (3) change of registered office address of the Company; and (4) amending relevant content based on the Company's actual circumstance.

The Proposed Amendments to the Articles of Association in 2025 were approved at the fifth extraordinary general meeting of 2025 on September 19, 2025 and at the sixth extraordinary general meeting of 2025 on November 19, 2025, respectively, as special resolutions. As a result, the amended and restated articles of association of the Company became effective on September 22, 2025 and November 19, 2025 respectively. For further details, please refer to the relevant announcements and circulars of the Company dated August 27, 2025 and October 30, 2025, respectively.

JOINT COMPANY SECRETARIES

Ms. Hu Jun ("Ms. Hu"), the chief financial officer of the Company and the secretary to the Board, and Ms. Au Wing Sze ("Ms. Au"), a manager of TMF Hong Kong Limited (a company secretarial service provider), have been appointed as the joint company secretaries of the Company with effect from the Listing Date. On February 6, 2026. Ms. Hu has resigned from her positions as the Company's chief financial officer, secretary to the Board and joint company secretary. During the period from the Listing Date to February 6, 2026, Ms. Au's primary contact at the Company was Ms. Hu.

During the Reporting Period, Ms. Au had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

DIVIDEND POLICY

The Company has adopted a dividend policy. The Company will implement a reasonable dividend policy based on the Company's operating conditions and market environment, and fully consider the interests of Shareholders.

In considering the declaration of dividends, the Board will take into account various factors, including but not limited to, the Group's results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits, market conditions, the Company's business strategies and forecasts, cash requirements and availability.

Remuneration of Senior Management by Band

During the year, the number of senior management of the Company whose remuneration fell within the following bands is as follows:

Item	Number of people in the current period	Number of people in the previous period
Nil to RMB800,000	1	1
RMB800,001 to RMB1,000,000	1	2
Over RMB1,000,001	1	0
Total	3	3

HUMAN RESOURCES

As of December 31, 2025, the Group has a total of 157 employees, and their gender, professional and educational background are as follows:

Items	Categories	Number of people	Percentage to the total number of people (%)
Gender	Male employee	82	52.23%
	Female employee	75	47.77%
	Total	157	100.00%
Profession	Administrative	15	9.55%
	Finance	14	8.92%
	Research and development of technologies	60	38.22%
	Sales	46	29.3%
	Business	11	7.01%
	Market operation	11	7.01%
	Total	157	100.00%
Education	PhD degree	1	0.63%
	Master	7	4.46%
	Bachelor	96	61.15%
	Below Bachelor	53	33.76%
	Total	157	100.00%

As at December 31, 2025, the percentage of female employees of the Group was 47.77%, which has achieved the target of gender diversity of employees. For details of gender diversity of employees, please refer to the 2025 Environmental, Social and Governance Report issued by the Company on 24 April 2026.

The salary of the Group's employees comprises basic salary, position salary, performance-based salary and business commission. The performance-based salary and business commission are determined in accordance with the Group's results and the performance assessment of the employees. During the Reporting Period, the Group paid a total of RMB48.30 million in salary to its employees.

The Group, according to the requirement of development, further established and improved the overall responsibility management and staff performance assessment system on the basis of clear objectives of each post.

The Group attaches great importance to the cultivation and development of its employees. From the perspective of talent team construction, post qualification and business demands, it has established a skill improvement course system aligned with staff career development at different levels and in different positions. Meanwhile, focusing on the cultivation of core employees in cloud communication technology and project innovation, as well as the recognition of qualifications in basic posts, the Group broadens employees' horizons and enriches their professional knowledge through technological innovation, system development and operational improvement projects, while continuously enhancing staff self-discipline and professional skills.

PRINCIPAL BUSINESS

The Group is a full-suite cloud-based communications services provider, primarily providing customers with a range of value-added cloud-based communications services, and delivering messaging, voice and mobile data communications to our customers online via APIs. Meanwhile, we leverage our solutions to enhance communications and connectivity for public sector customers across a wide range of use cases (e.g., municipal governance and safety).

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, details of the Management Discussion and Analysis of the Company are set out on pages [11] to [30] of this annual report.

RESULTS

The audited results of the Group for the Reporting Period are set out in the Consolidated Income Statement on pages 97 to 100. The financial position of the Group as at December 31, 2025 is set out in the Consolidated Balance Statement on pages 93 to 96. The consolidated cash flows of the Group for the Reporting Period are set out in the Consolidated Cash Flow Statement on pages 101 to 104. The discussion and analysis of the Group's performance for the year and the important factors affecting its results and financial position are set out in the section headed "Management Discussion and Analysis" in this annual report.

DIRECTORS AND SENIOR MANAGEMENT

1. Directors and senior management

Biographical details of the members of the Directors and senior management of the Company are set out in the chapter "Section VI — Directors and Senior Management" of this report.

2. Directors' service contracts

The Company has entered into service contracts with each of the Directors and Supervisors. The principal particulars of such service contracts are (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) are subject to termination in accordance with their respective terms.

Each of the Directors and Supervisors has entered into a contract with the Company in respect of, among others, compliance with relevant laws and regulations, the Articles of Association, arbitration and other provisions. During the Reporting Period, save for the relevant contracts entered into by Directors in connection with their other management positions in the Group, no Director has entered into a relevant service contract with the Company or any of its subsidiaries.

Save as disclosed above, none of the Directors has entered into any director service contract with any member of the Group (other than contracts expiring within one year or determinable by the relevant employer without the payment of compensation other than statutory compensation).

3. Remuneration Of Directors, Supervisors And Senior Management

Details of the remuneration of the Directors and Supervisors of the Company for the Reporting Period are set out in Section X. Financial Report, Note XV of the Financial Statements – Other Significant Events, (II) Other significant transactions and matters, 1. Remuneration of directors, supervisors and senior management.

4. Interests and short positions of directors and chief executives in shares, underlying shares and debentures of the company or any its associated corporations

As at December 31, 2025, the interests and short positions of our Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange were as follows:

Interest in the Shares

Name	Capacity/ Nature of interest	Type of Shares held	Number of Shares held[1]	Approximate percentage of shareholding in relevant class of Shares[2]	Approximate percentage of shareholding in the total share capital of the Company[3]
Directors/Chief Executives					
Mr. Piao Shenggen	Beneficial owner	Domestic Shares	24,984,600 (L)	27.36%	20.52%
Mr. Yue Duanpu	Beneficial owner	Domestic Shares	2,052,000 (L)	2.25%	1.69%
Mr. Wang Peide	Beneficial owner	Domestic Shares	783,590 (L)	0.86%	0.64%

Notes:

(1) The letter "L" denotes a long position or voting rights connected to the Shares.

(2) The calculation is based on a total of 91,314,291 issued Domestic Shares as at December 31, 2025.

(3) The calculation is based on a total of 121,754,291 issued Shares as at December 31, 2025.

Save as disclosed above, as at December 31, 2025, there were no interests or short positions held by our Directors and chief executives of our Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations 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 they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

5. Interests of directors and supervisors in transactions, arrangements or contracts

As at the end of the Reporting Period or at any time during the Reporting Period, none of the persons serving as Directors or Supervisors of the Company had any material transactions, arrangements or contracts (to which the Company or any of its subsidiaries was a party) that are material to the business of the Group, in which such Directors or Supervisors or their connected entities directly or indirectly held material interests at any time during the Reporting Period.

6. Loans and guarantees provided to directors or their connected persons

Save for the Company's connected subsidiaries, the Company did not, directly or indirectly, provide any loans or loan guarantees to the Directors of the Company or their connected persons during the Reporting Period.

7. Interests of directors in competing businesses

The independent non-executive Directors have carried out annual review and confirmed that they did not identify any conflicts of interest between the Group and the Directors for the year ended December 31, 2025.

For the year ended December 31, 2025, in accordance with Rule 8.10(2) of the Hong Kong Listing Rules, none of the Directors had any interests in any businesses that compete directly or indirectly with the business of the Group.

8. Rights of directors, supervisors and chief executives to purchase shares or debentures

Save for the relevant interests disclosed in this report, the Company or any of its subsidiaries did not enter into any arrangements during the Reporting Period pursuant to which Directors, Supervisors and chief executives may acquire shares or debentures of the Company or any of its subsidiaries.

9. Issuance of debentures

The Group has not issued any debentures for the year ended December 31, 2025.

10. Interests of directors in transaction, arrangement or contract

Save as disclosed in the section headed "XII. Related Parties and Related Party Transactions" in the notes to financial statements and the section headed connected transactions in the directors' report and, there was no transaction, arrangement or contract of significance to which the Company or its holding company or its subsidiaries or its fellow subsidiaries was a party and in which Directors, Supervisors of the Company or their connected entities have or had for the year ended December 31, 2025, in any way, whether directly or indirectly, a material interest.

SHARE CAPITAL AND SHAREHOLDING INFORMATION

1. Share capital

As at the end of the Reporting Period, the structure of the issued share capital of the Company was as follows:

Type of Shares	Nominal value per share	Number of issued Shares	Percentage of total issued Shares (%)
Domestic Shares	RMB1.00	91,314,291	75.00%
H Shares	RMB1.00	30,440,000	25.00%
Total		121,754,291	100.00%

2. Substantial shareholders' interests and short positions in shares and underlying shares

As at December 31, 2025, to the best knowledge of the Directors after making reasonable enquiries, the following persons (other than Directors and chief executives of the Company) have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO or which have to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interest	Class of Shares held	Number of Shares held[1]	Approximate shareholding percentage in the relevant class of Shares[2]	Approximate shareholding percentage in the total share capital of the Company[3]
Lianchuang Innovation (Chengdu) Equity Investment Fund Partnership (L.P.) (聯創創新(成都)股權投資基金合夥企業(有限合夥))	Beneficial owner	Domestic Shares	7,219,316 (L)	7.91%	5.93%
Tongzhou International Development Limited (通州國際發展有限公司)	Beneficial owner	H Shares	9,556,500 (L)	31.39%	7.85%

Notes:

(1) The letter "L" denotes a long position or voting rights connected to the Shares.

(2) The calculation is based on the total number of issued H Shares of 30,440,000 or the total issued Domestic Shares of 91,314,291 as at December 31, 2025.

(3) The calculation is based on a total of 121,754,291 issued Shares as at December 31, 2025.

Save as disclosed above, as at December 31, 2025, the Directors were not aware of any other persons (other than Directors and chief executives of the Company) who have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO or to be recorded in a register required to be kept by the Company pursuant to Section 336 of the SFO.

3. Public float

In compliance with the Rule 19A.28B(2) of the Hong Kong Listing Rules, for a PRC issuer with other listed shares, its portion of H Shares listed on the Exchange and held by the public must, at all times: (a) have a market value of at least HK$1,000,000,000; or (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H Shares belong (excluding treasury shares). Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the prescribed minimum public float and free float under Rule 8.08 of the Hong Kong Listing Rules during the Reporting Period and has maintained sufficiency of the prescribed minimum public float as required under Rule 19A.28B(2) of the Hong Kong Listing Rules from January 1, 2026 and up to the date of this annual report.

4. Purchase, sale or redemption of the listed securities of the company

During the period from the Listing Date to December 31, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company.

As at December 31, 2025, the Company did not hold any treasury shares.

EQUITY-LINKED AGREEMENT

For the year ended December 31, 2025, no equity-linked agreement was entered into by the Group or existed.

ANNUAL DIVIDEND

The Board did not recommend the declaration of an annual dividend for the twelve months ended December 31, 2025.

PRINCIPAL CUSTOMERS AND SUPPLIERS

1. Relationship with customers and suppliers

During the Reporting Period, customers of our cloud-based communications services mainly include technical service providers, software and information technology companies, financial institutions and telecom operators. Customers of our project-based communications solutions mainly include public sector customers such as government entities and state-owned enterprises. Adhering to the customer-centric philosophy, the Group is committed to continuously meeting market demands in various sectors to consolidate its market position and expand its customer base.

Our procurement mainly covers communication resources and outsourced hardware and software procurement. During the Reporting Period, our principal suppliers mainly include telecom service providers and technology companies, whose service scope includes cloud-based communications services similar to ours. The Group has maintained sustained and stable relationships with all customers and suppliers. The Group's business is not dependent on any individual customer or supplier that would have a material impact on the Group.

2. Details of principal customers and suppliers

For the year ended December 31, 2025, the amounts and percentages of the Group's top five customers and suppliers are set out below:

Item	Amount (RMB)	Percentage (%)
Revenue from the largest customer	154,868,313.50	17.13%
Revenue from the top five customers	361,372,421.18	39.98%
Purchase expenditure to the largest supplier	203,722,442.75	28.04%
Purchase expenditure to the top five suppliers	425,740,937.33	58.60%

During the Reporting Period, none of the Directors, their respective close associates or any shareholders who, to the knowledge of the Directors, own more than 5% of the issued shares, had any interests in any of the Group's top five customers or suppliers.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING

1. Relationship with employees

The Group upholds the corporate culture philosophy of "family culture". Sharing success with employees and empowering them with growth momentum is one of the core elements of the Group's family culture. The Group has always strived to provide employees with comprehensive social welfare, a safe working environment and diversified career development opportunities. Meanwhile, the Group strictly complies with laws, regulations and standards relating to workplace safety in various countries and regions, and is committed to creating a safe and healthy working environment for employees. Through the implementation of an efficient management system, the Group safeguards the safety, physical and mental health of employees.

2. Number of employees and remuneration policies

As at December 31, 2025, the Group had a total of 157 employees, all of whom work within the PRC. To ensure the sustained and healthy development of the Company, the Group has further established and improved a comprehensive responsibility management and staff-wide performance appraisal system based on clear job objectives in line with its development needs. The remuneration of the Group's employees is mainly determined by factors including basic salary, post salary, performance salary and business commissions. The Company also fully stimulates the enthusiasm and creativity of employees through diversified incentive methods such as career promotion.

3. Employee training

The Group attaches great importance to the cultivation and development of employees. Based on talent team building, job qualification requirements and business needs, it has established a comprehensive skill improvement curriculum system covering all employees, tailored to the career development of staff at different levels and in various positions. Meanwhile, the Group prioritises the training of core personnel for scientific and technological innovation projects as well as the qualification certification for basic positions in talent development initiatives. By undertaking scientific and technological innovation, technical research and lean production projects, the Group broadens employees' horizons, enriches their knowledge base, and continuously enhances their personal competence and professional expertise.

4. Retirement schemes

In accordance with the relevant laws and regulations in the jurisdictions where employees are employed, the Group participates in statutory retirement and social security schemes (the "Schemes") for eligible employees. The Group contributes a certain percentage of payroll costs to the Schemes in compliance with the relevant requirements of each country and region. Upon completion of the statutory contributions, the Group has no further obligations to make additional pension payments, and the relevant retirement benefits are borne and paid by local governments or statutory authorities. Save for the above statutory contributions, the Group has no other material defined benefit schemes or material pension benefit obligations.

PERMITTED INDEMNITY PROVISIONS

During the year and up to the Latest Practicable Date, permitted indemnity provision (as defined in Section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of any Directors of the Company.

CONNECTED TRANSACTIONS

As of December 31, 2025, the Group received financial assistance from Mr. Piao Shenggen, an executive Director and Chairman of the Company, which constitutes a connected transaction under Chapter 14A of the Listing Rules. The aforementioned connected transaction was conducted on normal commercial terms, without any of the Group's assets being pledged as collateral, and was secured solely by a credit guarantee provided by the Company. Pursuant to Rule 14A.90 of the Listing Rules, the transaction is fully exempt from the requirements for reporting, annual review, announcement, circular, and independent shareholders' approval. Other than the aforementioned financial assistance, the Group has no other transactions that fall in the definition of a connected transaction or a continuing connected transaction and are required to be disclosed under Chapter 14A of the Listing Rules.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the Group's reserves for the year ended December 31, 2025 are set out in "Note 30. Undistributed Profits" under "V. Notes to Major Items of the Consolidated Financial Statements" in "Section X Financial Statements" of this report. Calculated in accordance with the applicable laws of the PRC, where the Company is incorporated, the Company's distributable reserves as at December 31, 2025 amounted to approximately RMB506,023.49 thousand.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended December 31, 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC which oblige the Company to offer pre-emptive rights of new shares to existing shareholders on their shareholding proportion.

TAX RELIEF AND EXEMPTION

The Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

MANAGEMENT CONTRACT

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

The Company has complied with the mandatory disclosure requirements and the comply-or-explain provisions set out in the Environmental, Social and Governance Reporting Guide for the current year. For details, please refer to the 2025 Environmental, Social and Governance (ESG) Report published by the Company on April 24, 2026.

MATERIAL LEGAL PROCEEDINGS AND COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company was not involved in any material litigation or arbitration, nor were there any outstanding or potential material claims or proceedings threatened or pending against the Company. To the knowledge of the Directors, the Group has complied with all relevant laws and regulations that have a material impact on the Group during the Reporting Period.

DONATIONS

During the Year, the Group made charitable and other kinds of donations totaling approximately RMB 47,000 (2024: nil).

SUBSEQUENT EVENTS

Save as disclosed in "XIV. Events after the Balance Sheet Date" under "Section X Financial Statements" of this report, there are no events after the reporting period that need to be brought to requiring the attention of the shareholders.

INDEPENDENT DIRECTOR'S REPORT ON DUTIES PERFORMANCE

The responsibilities performed by the independent non-executive Directors of the Group are reported as follows:

PARTICULARS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company currently has three independent non-executive Directors, which meets the minimum quorum of independent non-executive Directors required under the Listing Rules. The independent non-executive Directors possess professional backgrounds and relevant work experience in finance, legal affairs and corporate operation respectively, and have the necessary work experience and qualifications to perform their duties. None of the independent non-executive Directors has any direct or indirect interest or relationship with the Company or its substantial shareholders, or any other relationship that may affect their independent and objective judgment. There are no circumstances that would impair their ability to perform their duties independently, and their independence complies with regulatory requirements.

ANNUAL PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Attendance of Directors at the Board meetings and shareholders' meetings

In 2025, the Company held 8 Board meetings and 7 Shareholders' meetings. The attendance of the meetings by the independent non-executive Directors, Mr. Xiang Ligang, Mr. Sun Qiang, and Mr. Su Zile, is as follows:

Name of independent director	Number of Board meetings required to attend	Number of Board meetings attended in person or by electronic means	Number of Board meetings attended by proxy	Number of Board meetings absent	Whether there were three consecutive absences from meetings without attending in person, or two consecutive absences without appointing another director as proxy	Number of General Meetings attended
Mr. Xiang Ligang	8	8	0	0	No	7
Mr. Sun Qiang	8	8	0	0	No	7
Mr. Su Zile	8	8	0	0	No	7

2. Attendance at the Special Committees under the Board

The Board of Directors of the Company has established the Audit Committee, the Strategic Committee, the Remuneration and Assessment Committee and the Nomination Committee. Mr. Xiang Ligang, an independent non-executive Director, serves as a member of the Audit Committee, a member of the Nomination Committee, a member and chairman of the Remuneration and Assessment Committee, and a member of the Strategic Committee. Mr. Sun Qiang, an independent non-executive Director, serves as a member and chairman of the Audit Committee, and a member of the Remuneration and Assessment Committee. Mr. Su Zile, an independent non-executive Director, serves as a member of the Audit Committee, a member of the Remuneration and Assessment Committee, and a member and chairman of the Nomination Committee.

During the Reporting Period, all three independent non-executive Directors diligently and responsibly performed their duties as members of the corporate governance committees, convened meetings of the governance committees as appropriate, and personally attended all meetings of the committees on which they served, with no absence. During the Reporting Period, the details of the attendance of the three independent non-executive Directors at the special committees under the Board are as follows:

From the date of the H Share Listing and up to December 31, 2025, attendance of independent non-executive Directors, namely Mr. Xiang Ligang, Mr. Sun Qiang, and Mr. Su Zile, at the Audit Committee meetings:

Meeting date	Meeting name	Meeting agenda
August 27, 2025	The First Meeting of the First Session of the Audit Committee	Consideration of the Proposal on Reviewing the Completeness of Financial Information and Material Matters Relating to Financial Reporting; Consideration of the Proposal on Reviewing the Unaudited Consolidated Financial Statements for the Six Months Ended June 30, 2025, the 2025 Interim Report (NEEQ), the Interim Results Announcement (H-share) and the Interim Report (H-share).
October 30, 2025	The Second Meeting of the First Session of the Audit Committee	Consideration of the Proposal on the Change of H-share Auditor for 2025; Consideration of the Proposal on the Reappointment of the Accounting Firm for 2025; Consideration of the Proposal on the Amendments to the Rules of Procedure for the Audit Committee.
December 8, 2025	The Third Meeting of the First Session of the Audit Committee	Consideration of the Proposal on the Communication of Matters Relating to the Annual Audit for 2025.

From the date of the H Share Listing and up to December 31, 2025, attendance of independent non-executive Directors, namely Mr. Xiang Ligang and Mr. Su Zile, at the Nomination Committee meetings:

Meeting date	Meeting name	Meeting agenda
October 30, 2025	The First Meeting of the First Session of the Nomination Committee	Consideration of the Proposal on the Amendments to the Rules of Procedure for the Nomination Committee.

From the date of the H Share Listing and up to December 31, 2025, attendance of independent non-executive Directors, namely Mr. Xiang Ligang, Mr. Sun Qiang, and Mr. Su Zile, at the Remuneration and Assessment Committee meetings:

Meeting date	Meeting name	Meeting agenda
October 30, 2025	The First Meeting of the First Session of the Remuneration and Assessment Committee	Consideration of the Proposal on the Amendments to the Rules of Procedure for the Remuneration and Assessment Committee.

From the date of the H Share Listing and up to December 31, 2025, attendance of independent non-executive Director, namely Mr. Xiang Ligang, at the Strategic Committee meetings:

Meeting date	Meeting name	Meeting agenda
October 30, 2025	The First Meeting of the First Session of the Strategic Committee	Consideration of the Proposal on the Amendments to the Rules of Procedure for the Strategic Committee.

During the Reporting Period, the independent non-executive Directors actively participated in meetings of the Board and the special committees under the Board on which they served and took part in training sessions, forums and other events organized by the Company, the stock exchange and the listed companies association. The topics covered macroeconomic conditions, interpretation of reforms to the independent director system, information disclosure of listed companies, compliance performance of independent directors, and integrity building. This is how they made an ongoing effort to study and keep abreast of new regulatory requirements and professional knowledge. In addition, they conducted on-site work and inspections based on the Company's reality and their own performance requirements, gaining in-depth insights into the Company's operations and management. They deliberated or discussed relevant matters, carefully listened to reports, and engaged in thorough exchanges with the Company's management, relevant departments, and intermediaries such as the accounting firm. Prior to meetings, they carefully studied various proposals to have a full picture of the background of the proposals and the decision-making matters, and asked or requested the Company to supplement or refine relevant information. During meetings, they actively participated in discussions and raised requests and recommendations based on their professional expertise and research experience, assisting the Board and its special committees in operating scientifically and in a standardized manner, and promoting the Board's functions of formulating strategies, making decisions, and preventing risks.

3. The Company's Support for the Independent Non-executive Directors in Performing Their Duties

During the Reporting Period, the Company proactively supported the independent non-executive Directors in performing their duties by offering them the necessary information, organizational and personnel required for the performance of their duties. The Company made adequate arrangements for the organization of meetings and training, communication and reporting of major matters, while actively responding to the relevant needs of the independent non-executive Directors in the performance of their duties, and supporting them in effectively accessing information on regulatory policies, market dynamics, and operations and management necessary for the performance of their duties. The Company also actively promoted and followed up on the opinions and proposals raised by the independent non-executive Directors, provided timely feedback and responses to their concerns and issues, and supervised the implementation thereof, thereby providing practical and comprehensive support for their full performance of duties.

INDEPENDENT OPINIONS ISSUED

The independent non-executive Directors, Mr. Xiang Ligang, Mr. Sun Qiang, and Mr. Su Zile, conducted a thorough review and examination of the Company's operations for 2025, and issued a total of five independent opinions. The details are as follows:

Meeting date	Meeting Name	Matters discussed	Opinion
January 23, 2025	The 11th Meeting of the Fourth Session of the Board of Directors	The Proposal on the Reappointment of the Financial Audit Institution for 2024	In favor
April 8, 2025	The 12th Meeting of the Fourth Session of the Board of Directors	Proposal on the Company's Intention to Provide Guarantees for the De Facto Controller; Proposal on the Retroactive Ratification of Provision of Guarantees by the Company's Wholly-owned Subsidiary for the De Facto Controller.	In favor
April 28, 2025	The 13th Meeting of the Fourth Session of the Board of Directors	Proposal on the 2024 Financial Final Accounts Report; Proposal on the 2025 Financial Budget Report; Proposal on the 2024 Annual Report and Its Summary; Proposal on the 2024 Profit Distribution Plan; Proposal on the Approval for Issuance of the Special Explanation on the Occupation of Funds by the Controlling Shareholder and Other Related Parties and Other Relevant Reports.	In favor
August 27, 2025	The 16th Meeting of the Fourth Session of the Board of Directors	Proposal on the 2025 Interim Report; Proposal on the Review of the Interim Results Announcement for the Six Months Ended June 30, 2025.	In favor
October 30, 2025	The 17th Meeting of the Fourth Session of the Board of Directors	The Proposal on the Change of H-share Auditor for 2025; The Proposal on the Reappointment of the Accounting Firm for 2025.	In favor

EXERCISE OF SPECIAL POWERS AND MAJOR AREAS OF FOCUS BY INDEPENDENT NON-EXECUTIVE DIRECTORS

During their term of office in 2025, the independent non-executive Directors of the Company did not raise any objections to the Board proposals or other matters not considered at Board meetings for the year; did not propose the convening of any Board meetings; did not propose the dismissal of the accounting firm; and did not independently engage any external audit institutions or advisory firms.

During the Reporting Period, the independent non-executive Directors, in accordance with the relevant provisions of regulatory rules and the Company's internal systems, and based on their review of the Company's operations and the relevant information available to them, paid close attention to and supervised matters including the Company's financial accounting reports and financial information contained in the periodic reports, the appointment of the accounting firm, the effectiveness of internal controls, the management and control of connected transactions, and changes in Directors and senior management. The details are as follows:

(I) Disclosure of the Company's Financial Accounting Reports and Periodic Reports

During the Reporting Period, the Company prepared and disclosed the 2025 Interim Report in accordance with relevant requirements, and disclosed financial information such as financial reports or statements in the aforementioned periodic reports. As independent non-executive Directors of the Company, we are of the opinion that the preparation and review procedures for the aforesaid reports complied with the relevant provisions of laws, administrative regulations, other normative documents, and domestic and overseas securities regulatory authorities, and that the contents were true, accurate and complete. We have also signed the written confirmation opinions.

(II) Appointment of Accounting Firm

During the Reporting Period, the Company appointed Da Hua CPA LLP as its domestic and overseas accounting firm for 2025. The Proposal on the Change of H-share Auditor for 2025 and the Proposal on the Reappointment of the Accounting Firm for 2025 were considered and approved at the 17th Meeting of the Fourth Session of the Board of Directors and the Sixth Extraordinary Shareholders' Meeting of 2025. As of the date of this report, the above accounting firm has completed the audit of the Company for 2025 and issued an audit report with a standard unqualified opinion. As independent non-executive Directors of the Company, we are of the opinion that Da Hua CPA LLP complies with regulatory requirements in terms of professional competence, investor protection capabilities, independence and integrity, and possesses the experience and capability to provide audit services to the Company. The procedures for the change of the accounting firm and the related disclosures comply with the requirements of laws and regulations and the Articles of Association.

(III) Daily Connected Transactions

During the Reporting Period, the Company's daily connected transactions were conducted in accordance with relevant requirements. As of December 31, 2025, the Group received financial assistance from Mr. Piao Shenggen, an executive Director and Chairman of the Company, which constitutes a connected transaction under Chapter 14A of the Listing Rules. The aforementioned connected transaction was conducted on normal commercial terms, without any of the Group's assets being pledged as collateral, and was secured solely by a credit guarantee provided by the Company. Pursuant to Rule 14A.90 of the Listing Rules, the transaction is fully exempt from the requirements for reporting, annual review, announcement, circular, and independent shareholders' approval. Other than the aforementioned financial assistance, the Group has no other transactions that fall in the definition of a connected transaction or a continuing connected transaction and are required to be disclosed under Chapter 14A of the Listing Rules.

(IV) Changes to Directors and Senior Management

During the Reporting Period, there were no changes to the Board of Directors or the senior management of the Company.

OTHER INFORMATION THAT NEEDS TO BE PROVIDED

During the Reporting Period, as independent non-executive Directors of the Company, we strictly performed our duties independently and prudently issued independent opinions in accordance with the relevant laws and regulations and the Company's internal control systems to safeguard the overall interests of the Company and all shareholders.

In 2026, as independent non-executive Directors of the Company, we will continue to strictly comply with the requirements of laws and regulations, and will issue reasonable opinions on the Company's development matters with a responsible attitude and the principles of loyalty, diligence, independence and fairness. We will fully protect the rights and interests of minority investors, and make positive contributions to the compliant operations and steady development of the Company.

AUDITORS' REPORT

To All Shareholders of Beijing Xunzhong Communication Technology Co., Ltd.:

AUDIT OPINION

We have audited the financial statements of Beijing Xunzhong Communication Technology Co., Ltd. ("**Xunzhong**"), which comprise the consolidated balance sheet and the balance sheet of the parent company as of December 31, 2025; the consolidated income statement and the income statement of the parent company, the consolidated cash flow statement and the cash flow statement of the parent company, and consolidated statement of changes in equity and the statement of changes in equity of the parent company for 2025; and the notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in all material respects in accordance with the Enterprise Accounting Standards and present fairly the consolidated financial position and the financial position of the parent company as of December 31, 2025, and the consolidated results of operations and cash flows and the results of operations and cash flows of the parent company for 2025 of Xunzhong.

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. Our responsibilities under these standards are further described in the "Responsibilities of Certified Public Accountants in Auditing Financial Statements" section of the audit report. In accordance with the Independence Standards for Certified Public Accountants No.1 – Requirements for Independence in Financial Statement Audits and Reviews and the Code of Professional Ethics for Certified Public Accountants in China, we are independent of Xunzhong. We have applied the independence requirements for audits of financial statements of public interest entities and fulfilled our other professional ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current reporting period (the "**Current Period**"). Our response to these matters is provided in the context of our audit of the financial statements as a whole and the formation of our audit opinion; we do not express a separate opinion on these matters.

We have determined that the following matters constitute key audit matters to be communicated in the audit report.

1. Recognition of revenue and costs

2. Recognition of impairment of accounts receivable

(I) Recognition of revenue and costs

1. Matter description

For information regarding Xunzhong's accounting policies and carrying amounts related to revenue and cost for the Reporting Period, please refer to Items (XXXV) "Revenue" and (XXXVI) "Contract Costs" under Note III "Significant Accounting Policies and Accounting Estimates" to the Consolidated Financial Statements, as well as Note 31 "Operating Revenue and Operating Cost" under Note V "Notes to Significant Items in the Consolidated Financial Statements".

In 2025, Xunzhong reported revenue of RMB903,913,823.84 and costs of RMB726,465,051.18, primarily from the provision of value-added telecommunications services.

Xunzhong primarily used its billing system to process the sales and procurement of various product types during the year. This generated a large volume of operational data, and the process of aggregating and calculating data within the billing system was complex. Consequently, there is an inherent risk regarding the accuracy of revenue and cost recognition for telecommunications value-added services.

In addition, because revenue and costs are among Xunzhong's key performance indicators, there is a risk that revenue and costs may be recognized in the wrong period or manipulated to meet targets or expected levels; therefore, we have identified the recognition of revenue and costs at Xunzhong as a key audit matter.

2. Audit response

The key audit procedures we performed regarding the recognition of revenue and costs include:

(1) To understand and evaluate the design of Xunzhong's internal controls over revenue and costs related to value-added telecommunications services, and test the operating effectiveness of those internal controls;

(2) To review key service contracts, identify clauses related to the transfer of control over goods or services, and assess whether revenue and cost recognition policies comply with the provisions of the enterprise accounting standards;

(3) To carry out substantive testing procedures on revenue from value-added telecommunications services, including: ① performing variance analysis and gross margin analysis on revenue; ② obtaining confirmations of transaction amounts for the Reporting Period and accounts receivable balances at the end of the Reporting Period from major customers; ③ reviewing post-balance-sheet collections of accounts receivable; ④ based on analytical reviews, conducting sampling inspection on sales contracts signed with customers, sales confirmation records, and related journal entries and source documents, including confirmation slips, invoices, and payment receipts;

(4) To carry out substantive testing procedures for the costs of value-added telecommunications services, including: ① obtaining and reviewing cost accounting statements; ② performing gross margin analysis by product, customer, and other dimensions; ③ obtaining confirmations from major suppliers regarding purchase amounts for the Reporting Period and the balances of accounts payable and advance payment at the end of the Reporting Period;

(5) To understand and assess the design of internal controls within the IT environment and test the operational effectiveness of relevant internal controls, leveraging the expertise of our in-house IT audit specialists; conduct an IT audit of the billing platform to evaluate the accuracy and reliability of business data in the system's backend, as well as the security of data records, and perform reconciliations between system data and financial data;

(6) To verify whether information related to revenue and cost recognition has been appropriately presented and disclosed in the financial statements.

(II) Recognition of impairment of accounts receivable

1. Matter description

For information regarding Xunzhong's accounting policies and carrying amounts related to impairment of accounts receivable for the Reporting Period, please refer to Items (XI) "Financial Instruments" and (XIII) "Accounts Receivable" under Note III "Significant Accounting Policies and Accounting Estimates" to the Consolidated Financial Statements, as well as Note 2 "Accounts Receivable" under Note V "Notes to Significant Items in the Consolidated Financial Statements".

As of December 31, 2025, the accounts receivable of Xunzhong had a book balance of RMB658,799,768.90, a bad-debt provision of RMB57,118,342.21, a carrying amount of RMB601,681,426.69, representing 31.58% of total assets at the end of the period. The management of Xunzhong (the "**Management**") measured its loss provision based on the credit risk characteristics of accounts receivable, on an individual account or portfolio basis, in an amount equivalent to the expected credit losses over the entire life of the receivables. For accounts receivable for which expected credit losses were measured on an item-by-item basis, the Management estimated the expected cash flows by taking into account reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions, and used this to determine the bad-debt provision for accounts receivable to be recognized; For accounts receivable for which expected credit losses were measured on a portfolio basis, the Management prepared a table that cross-references the aging of accounts receivable with expected credit loss rates over the entire life of the portfolio, based on historical credit loss experience adjusted for forward-looking estimates, and used this to determine the bad-debt provision for accounts receivable.

Because the amount of accounts receivable was significant and the impairment of accounts receivable involved significant judgments and estimates by the Management, we have identified the recognition of impairment of accounts receivable as a key audit matter.

2. Audit response

The key audit procedures we performed regarding the impairment of accounts receivable include:

(1) To understand and evaluate the design of Xunzhong's internal controls over impairment of accounts receivable, and test the operating effectiveness of those internal controls;

(2) To review the considerations and objective evidence used by the Management in assessing the credit risk of accounts receivable, and evaluate whether the Management appropriately identified the credit risk characteristics of each account receivable;

(3) For accounts receivable for which expected credit losses were measured on an item-by-item basis, to obtain and review the Management's forecasts of expected cash inflows, assess the reasonableness of the key assumptions used in the forecasts and the accuracy of the data, and reconcile them with external evidence obtained;

(4) For accounts receivable for which expected credit losses were measured on a portfolio basis, to evaluate the reasonableness of the Management's classification of portfolios based on credit risk characteristics; evaluate the reasonableness of the Management's preparation of the aging analysis and default loss rate table for accounts receivable as of December 31, 2025 based on historical credit loss experience and forward-looking estimates for portfolios with similar credit risk characteristics;

(5) To review the detailed schedule of bad debt provisions prepared by the Management and recalculate the amount of the bad debt provision to verify its accuracy;

(6) To perform accounts receivable confirmation procedures and review post-period collections, analyze the aging of accounts receivable and customer creditworthiness, and use this information to assess the appropriateness of the bad debt provisions for accounts receivable;

(7) To verify whether information related to impairment of accounts receivable has been appropriately presented and disclosed in the financial statements.

OTHER INFORMATION

The Management shall be responsible for other information. Other information includes the information contained in Xunzhong's 2025 Annual Report, excluding the financial statements and our audit report.

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

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

Based on the work we have performed, if we determine that there is a material misstatement in other information, we should report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE GOVERNANCE FOR FINANCIAL STATEMENTS

The Management is responsible for preparing financial statements in accordance with the provisions of the enterprise accounting standards so that they present a fair view, and for designing, implementing, and maintaining the necessary internal controls to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements, the Management is responsible for assessing Xunzhong's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless the Management plans to liquidate Xunzhong, cease operations, or has no other realistic alternative.

The governance of Xunzhong (the "Governance") is responsible for overseeing the financial reporting process of Xunzhong.

RESPONSIBILITIES OF CERTIFIED PUBLIC ACCOUNTANTS IN AUDITING FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error. A misstatement is generally considered material if it is reasonably likely to influence the economic decisions that users make on the basis of the financial statements, either individually or in the aggregate.

In conducting our audit in accordance with auditing standards, we exercised professional judgment and maintained professional skepticism. We also carried out the following tasks:

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

2. To 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 internal control.

3. To evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

4. To draw a conclusion regarding the appropriateness of the Management's use of the going-concern assumption. To conclude whether there is material uncertainty regarding matters or conditions that may cast significant doubt on Xunzhong's ability to continue as a going concern based on the audit evidence obtained. If we conclude that there is material uncertainty, auditing standards require us to draw the attention of the users of the financial statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are inadequate, we should issue a non-unqualified opinion. Our conclusions are based on the information available as of the date of this audit report. However, future events or conditions may cause Xunzhong to cease to continue as a going concern.

5. To evaluate the overall presentation, structure, and content of the financial statements, and assess whether the financial statements fairly present the relevant transactions and events.

6. To obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities in Xunzhong in order to express an opinion on the financial statements. We are responsible for directing, overseeing, and conducting the Group audit, and we bear full responsibility for the audit opinion.

We communicated with the Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any internal control deficiencies of concern that we identified during our audit.

We also provided a statement to the Governance confirming our compliance with the relevant provisions of Independence Standards for Certified Public Accountants No.1 – Requirements for Independence in Financial Statement Audits and Reviews, and discussed with the Governance all relationships and other matters that could reasonably be considered to affect our independence, as well as the related safeguards (if applicable).

Based on our discussions with the Governance, we have identified the matters that are most significant to the audit of the current financial statements and therefore constitute key audit matters. We would describe these matters in our audit report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that such matters should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Dahua Certified Public Accountants
(Special General Partnership)

Chinese Certified
Public Accountant:

(Project partner)

Chinese Certified
Public Accountant:

Beijing, China
April 24, 2026

CONSOLIDATED BALANCE STATEMENT

December 31, 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Assets	*Notes V*	Closing balance	Opening balance
Current assets:			
Monetary capital	*Note 1*	219,293,795.62	7,286,014.49
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	*Note 2*	601,681,426.69	880,946,408.31
Accounts receivable financing			
Prepayments	*Note 3*	988,607,035.93	521,158,451.72
Other receivables	*Note 4*	64,307,716.30	37,352,972.62
Inventories	*Note 5*	6,385,157.62	1,925,854.70
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	*Note 6*	6,860,854.41	9,468,949.26
Total current assets		1,887,135,986.57	1,458,138,651.10

Continued:

Assets	*Notes V*	**Closing balance**	Opening balance
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	*Note 7*		
Other equity instrument investments	*Note 8*		
Other non-current financial assets			
Investment properties			
Fixed assets	*Note 9*	**1,967,870.14**	2,477,540.28
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets	*Note 10*	**4,019,231.60**	7,687,499.01
Intangible assets			
Including: Data resources			
Development expenses			
Including: Data resources			
Goodwill	*Note 11*		
Long-term deferred expenses	*Note 12*	**822,475.49**	1,704,056.04
Deferred income tax assets	*Note 13*	**11,068,450.71**	13,853,316.82
Other non-current assets	*Note 14*		187,644.00
Total non-current assets		**17,878,027.94**	25,910,056.15
Total assets		**1,905,014,014.51**	1,484,048,707.25

Continued:

Liabilities and shareholders' equity	*Notes V*	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	*Note 15*	**316,360,085.25**	255,292,974.25
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	*Note 16*	**173,038,890.32**	203,303,056.64
Advances received			
Contract liabilities	*Note 17*	**42,502,421.38**	51,223,451.37
Staff remuneration payables	*Note 18*	**3,921,909.21**	7,765,372.51
Taxes and dues payable	*Note 19*	**7,401,342.37**	6,596,919.10
Other payables	*Note 20*	**70,446,812.80**	90,129,867.39
Liabilities held for sale			
Non-current liabilities due within one year	*Note 21*	**9,734,293.84**	5,726,309.25
Other current liabilities	*Note 22*	**11,427,867.53**	10,183,994.26
Total current liabilities		**634,833,622.70**	630,221,944.77
Non-current liabilities:			
Long-term borrowings	*Note 23*	**19,950,000.00**	10,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	*Note 24*	**346,271.53**	3,460,026.48
Long-term payables			
Long-term staff remuneration payables			
Accrued liabilities	*Note 25*	**506,939.84**	506,939.84
Deferred income			
Deferred tax liabilities	*Note 13*		3,692.36
Other non-current liabilities			
Total non-current liabilities		**20,803,211.37**	13,970,658.68
Total liabilities		**655,636,834.07**	644,192,603.45

Continued:

Liabilities and shareholders' equity	*Notes V*	**Closing balance**	Opening balance
Shareholders' equity:			
Share capital	*Note 26*	**121,754,291.00**	91,314,291.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	*Note 27*	**562,966,529.32**	258,907,051.85
Less: Treasury shares			
Other comprehensive income	*Note 28*	**-4,250,000.00**	-4,250,000.00
Special reserves			
Surplus reserve	*Note 29*	**61,965,946.30**	61,965,946.30
Undistributed profit	*Note 30*	**506,023,489.44**	433,004,620.45
Total equity attributable to owners of the parent company		**1,248,460,256.06**	840,941,909.60
Equity attributable to minority shareholders		**916,924.38**	-1,085,805.80
Total shareholders' equity		**1,249,377,180.44**	839,856,103.80
Total liabilities and shareholders' equity		**1,905,014,014.51**	1,484,048,707.25

(The accompanying notes form an integral part of these financial statements)

CONSOLIDATED INCOME STATEMENT

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
I. Total revenue from operations	*Note 31*	**903,913,823.84**	917,605,948.02
Less: Operating costs	*Note 31*	**726,465,051.18**	714,485,274.84
Taxes and other levies	*Note 32*	**1,727,841.06**	1,285,519.81
Selling expenses	*Note 33*	**15,466,263.96**	19,594,064.49
Administrative expenses	*Note 34*	**34,051,202.09**	32,290,335.36
R&D expenses	*Note 35*	**41,155,412.90**	38,071,806.01
Finance expenses	*Note 36*	**13,476,942.24**	12,877,033.69
Including: Interest expenses		**11,398,641.78**	11,688,997.82
Interest income		**28,080.85**	58,443.03
Add: Other income	*Note 37*	**3,933,388.36**	3,808,185.52
Gain from investment (loss is represented by "-")	*Note 38*		-21,620.97
Including: Investment revenue in associates and joint ventures			-21,620.97
Derecognition income of financial asset measured at the amortized cost			
Gains from net exposure to hedging (loss is represented by "-")			
Gain on changes in fair value (loss is represented by "-")			
Credit impairment losses (loss is represented by "-")	*Note 39*	**9,268,043.74**	-45,997,274.45
Asset impairment losses (loss is represented by "-")	*Note 40*	**-226,971.94**	-4,937,818.13
Gains from disposal of assets (loss is represented by "-")	*Note 41*	**157,406.83**	132,055.43

Continued:

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
II. Profit from operations (loss is represented by "-")		**84,702,977.40**	51,985,441.22
Add: Non-operating income	*Note 42*	**0.74**	4,529.35
Less: Non-operating expenses	*Note 43*	**659,830.56**	588,600.87
III. Total profit (total loss is represented by "-")		**84,043,147.58**	51,401,369.70
Less: Income tax expenses	*Note 44*	**11,102,348.41**	759,925.16
IV. Net profit (net loss is represented by "-")		**72,940,799.17**	50,641,444.54
Including: Net profit realised by the acquiree prior to business combination under common control			
(I) Classified by continuity of operations			
Net profit from continuing operations (net loss is represented by "-")		**72,940,799.17**	50,641,444.54
Net profit from discontinued operations (net loss is represented by "-")			
(II) Classified by ownership			
Net profits attributable to owners of the parent company (net loss is represented by "-")		**73,018,868.99**	53,544,471.15
Profit or loss attributable to minority shareholders (net loss is represented by "-")		**-78,069.82**	-2,903,026.61

Continued:

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
V. Net after-tax amount of other comprehensive income			-829,010.09
Net after-tax amount of other comprehensive income attributable to owners of the parent company			-829,010.09
(I) Other comprehensive income that cannot be reclassified into profit or loss			-829,010.09
1. Net changes arising from remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be converted to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			-829,010.09
4. Changes in fair value of the enterprise's credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be converted to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for impairment of credit in other debt investments			

Continued:

Item	*Notes V*	Amount in the current period	Amount in the previous period
5. Reserves for cash flow hedge			
6. Translation difference of foreign currency financial statements			
7. Investment income from a package disposal of subsidiaries before loss of control			
8. Conversion of other assets to investment properties measured by fair value model			
9. Others			
Net after-tax amount of other comprehensive income attributable to minority shareholders			
VI. Total comprehensive income		**72,940,799.17**	49,812,434.45
Total comprehensive income attributable to owners of the parent company		**73,018,868.99**	52,715,461.06
Total comprehensive income attributable to minority shareholders		**-78,069.82**	-2,903,026.61
VII. Earnings per share:			
(I) Basic earnings per share		**0.69**	0.59
(II) Diluted earnings per share		**0.69**	0.59

(The accompanying notes form an integral part of these financial statements)

CONSOLIDATED CASH FLOW STATEMENT

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**2,274,663,276.50**	1,801,500,956.89
Refund of taxes and levies		**11,431.86**	
Other cash received relating to operating activities	*Note 45*	**7,565,011.75**	11,315,916.05
Subtotal of cash inflows of operating activities		**2,282,239,720.11**	1,812,816,872.94
Cash paid for goods purchased and services received		**2,377,908,809.46**	1,850,456,013.08
Cash paid to or on behalf of employees		**48,295,067.94**	51,144,497.56
Taxes and levies paid		**11,060,785.59**	4,795,811.20
Other cash paid relating to operating activities	*Note 45*	**23,315,456.50**	20,449,802.60
Subtotal of cash outflows from operating activities		**2,460,580,119.49**	1,926,846,124.44
Net cash flows from operating activities		**-178,340,399.38**	-114,029,251.50

Continued:

Item	*Notes V*	Amount in the current period	Amount in the previous period
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash from investment income			
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,060.00	
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		2,060.00	
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		13,560.05	320,981.46
Cash paid for investments			
Net cash paid to acquire subsidiaries and other operating entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		13,560.05	320,981.46
Net cash flows from investing activities		-11,500.05	-320,981.46

Continued:

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
III. Cash flows from financing activities:			
Cash received from capital injection		**362,890,263.76**	300,000.00
Including: Cash received from capital injection by minority shareholders in subsidiaries		**2,080,800.00**	300,000.00
Cash received from debts		**508,783,727.22**	449,899,888.89
Other cash received relating to financing activities	*Note 45*		8,571,000.00
Subtotal of cash inflows from financing activities		**871,673,990.98**	458,770,888.89
Cash paid for repayment of borrowings		**454,015,000.00**	398,370,000.00
Cash paid for distribution of dividends, profits or payment of interest expenses		**10,069,261.54**	10,396,249.33
Including: Dividends and profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	*Note 45*	**29,191,327.08**	5,067,320.40
Subtotal of cash outflows from financing activities		**493,275,588.62**	413,833,569.73
Net cash flows from financing activities		**378,398,402.36**	44,937,319.16

Continued:

Item	*Notes V*	**Amount in the current period**	Amount in the previous period
IV. Effect on cash and cash equivalent from change of exchange rate		**-127,396.19**	
V. Net increase in cash and cash equivalents		**199,919,106.74**	-69,412,913.80
Add: Balance of cash and cash equivalents as at the beginning of the period		**7,286,014.49**	76,698,928.29
VI. Balance of cash and cash equivalents as at the end of the period		**207,205,121.23**	7,286,014.49

(The accompanying notes form an integral part of these financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	Amount in the current period											
	Equity attributable to shareholders of the parent company										Equity attributable to minority shareholders	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit		
I. Balance at the end of last year	91,314,291.00				258,907,051.85		-4,250,000.00		61,965,946.30	433,004,620.45	-1,085,805.80	839,856,103.80
Add: Change in accounting policy												
Correction of errors in prior period												
Business combination under common control												
Others												
II. Balance at the beginning of the year	91,314,291.00				258,907,051.85		-4,250,000.00		61,965,946.30	433,004,620.45	-1,085,805.80	839,856,103.80
III. Increase/decrease in amount during the year	30,440,000.00				304,059,477.47					73,018,868.99	2,002,730.18	409,521,076.64
(I) Total comprehensive income										73,018,868.99	-78,069.82	72,940,799.17
(II) Capital contributions and reductions by shareholders	30,440,000.00				304,059,477.47						2,080,800.00	336,580,277.47
1. Ordinary shares contributed by shareholders	30,440,000.00				330,369,463.76						2,080,800.00	362,890,263.76

Continued:

Item	Amount in the current period											
	Equity attributable to shareholders of the parent company										Equity attributable to minority shareholders	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit		
2. Contributed capital by holders of other equity instruments												
3. Share-based payments included in shareholders' equity												
4. Others					-26,309,986.29							-26,309,986.29
(III) Profit allocation												
1. Appropriation to surplus reserve												
2. Allocation to shareholders												
3. Others												
(IV) Transfers within shareholders' equity												
1. Increase share capital from capital reserve												
2. Increase share capital from surplus reserve												
3. Surplus reserve to offset losses												

Continued:

Item	Amount in the current period											
	Equity attributable to shareholders of the parent company										Equity attributable to minority shareholders	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit		
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriation in the current period												
2. Usage in the current period												
(VI) Others												
IV. Closing balance for the year	121,754,291.00				562,966,529.32		-4,250,000.00		61,965,946.30	506,023,489.44	916,924.38	1,249,377,180.44

Continued:

Item	Amount in the previous period											
	Equity attributable to shareholders of the parent company										Equity attributable to minority shareholders	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit		
I. Balance at the end of last year	91,314,291.00				258,907,051.85		-3,420,989.91		59,925,574.48	381,500,521.12	1,517,220.81	789,743,669.35
Add: Change in accounting policy												
Correction of errors in prior period												
Business combination under common control												
Others												
II. Balance at the beginning of the year	91,314,291.00				258,907,051.85		-3,420,989.91		59,925,574.48	381,500,521.12	1,517,220.81	789,743,669.35
III. Increase/decrease in amount during the year							-829,010.09		2,040,371.82	51,504,099.33	-2,603,026.61	50,112,434.45
(I) Total comprehensive income							-829,010.09			53,544,471.15	-2,903,026.61	49,812,434.45
(II) Capital contributions and reductions by shareholders											300,000.00	300,000.00
1. Ordinary shares contributed by shareholders											300,000.00	300,000.00
2. Contributed capital by holders of other equity instruments												
3. Share-based payments included in shareholders' equity												
4. Others												
(III) Profit allocation									2,040,371.82	-2,040,371.82		
1. Appropriation to surplus reserve									2,040,371.82	-2,040,371.82		
2. Allocation to shareholders												
3. Others												

Continued:

Item	Amount in the previous period											
	Equity attributable to shareholders of the parent company										Equity attributable to minority shareholders	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit		
(IV) Transfers within shareholders' equity												
1. Increase share capital from capital reserve												
2. Increase share capital from surplus reserve												
3. Surplus reserve to offset losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriation in the current period												
2. Usage in the current period												
(VI) Others												
IV. Closing balance for the year	91,314,291.00				258,907,051.85		-4,250,000.00		61,965,946.30	433,004,620.45	-1,085,805.80	839,856,103.80

(The accompanying notes form an integral part of these financial statements)

BALANCE STATEMENT OF THE PARENT COMPANY

December 31, 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Assets	*Notes XVI*	**Closing balance**	Opening balance
Current assets:			
Monetary capital		**165,944,153.80**	5,323,235.69
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	*Note 1*	**399,777,863.62**	378,781,579.58
Accounts receivable financing			
Prepayments		**651,544,164.23**	313,392,298.27
Other receivables	*Note 2*	**341,178,722.89**	534,318,722.64
Inventories		**3,218,528.01**	1,408,129.03
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**71,740.19**	5,392,817.33
Total current assets		**1,561,735,172.74**	1,238,616,782.54

Continued:

Assets	*Notes XVI*	Closing balance	Opening balance
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	*Note 3*	**224,331,115.10**	118,117,035.00
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		**1,332,966.62**	1,495,390.54
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		**3,366,892.69**	6,733,785.25
Intangible assets			
Including: Data resources			
Development expenses			
Including: Data resources			
Goodwill			
Long-term deferred expenses		**375,739.19**	751,478.51
Deferred income tax assets		**9,686,748.55**	8,984,085.95
Other non-current assets			187,644.00
Total non-current assets		**239,093,462.15**	136,269,419.25
Total assets		**1,800,828,634.89**	1,374,886,201.79

Continued:

Liabilities and shareholders' equity	*Notes XVI*	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		**245,811,401.38**	214,254,541.68
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		**30,259,924.19**	31,901,153.80
Advances received			
Contract liabilities		**25,845,534.81**	22,737,615.27
Staff remuneration payables		**1,468,755.24**	2,232,750.98
Taxes and dues payable		**6,487,015.25**	4,660,153.38
Other payables		**163,873,851.11**	154,093,141.80
Liabilities held for sale			
Non-current liabilities due within one year		**9,385,806.35**	5,009,848.65
Other current liabilities		**1,564,963.88**	1,364,260.86
Total current liabilities		**484,697,252.21**	436,253,466.42
Non-current liabilities:			
Long-term borrowings		**4,950,000.00**	10,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			3,164,838.11
Long-term payables			
Long-term staff remuneration payables			
Accrued liabilities		**506,939.84**	506,939.84
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**5,456,939.84**	13,671,777.95
Total liabilities		**490,154,192.05**	449,925,244.37

Continued:

Liabilities and shareholders' equity	*Notes XVI*	Closing balance	Opening balance
Shareholders' equity:			
Share capital		**121,754,291.00**	91,314,291.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		**563,483,196.92**	259,423,719.45
Less: Treasury shares			
Other comprehensive income		**-4,250,000.00**	-4,250,000.00
Special reserves			
Surplus reserve		**61,965,946.30**	61,965,946.30
Undistributed profit		**567,721,008.62**	516,507,000.67
Total shareholders' equity		**1,310,674,442.84**	924,960,957.42
Total liabilities and shareholders' equity		**1,800,828,634.89**	1,374,886,201.79

(The accompanying notes form an integral part of these financial statements)

INCOME STATEMENT OF THE PARENT COMPANY

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	*Notes XVI*	**Amount in the current period**	Amount in the previous period
I. Revenue from operations	*Note 4*	**751,762,841.46**	561,722,594.61
Less: Operating costs	*Note 4*	**622,767,423.98**	456,919,422.66
Taxes and other levies		**1,055,892.54**	752,949.70
Selling expenses		**6,357,573.38**	4,595,534.72
Administrative expenses		**23,680,435.81**	18,216,968.67
R&D expenses		**27,700,481.72**	20,298,020.01
Finance expenses		**10,512,278.95**	12,012,122.43
Including: Interest expenses		**8,922,898.35**	11,136,427.72
Interest income		**25,357.68**	35,005.08
Add: Other income		**3,186,329.71**	3,083,538.94
Gain from investment (loss is represented by "-")			
Including: Investment revenue in associates and joint ventures			
Derecognition income of financial asset measured at the amortized cost			
Gains from net exposure to hedging (loss is represented by "-")			
Gain on changes in fair value (loss is represented by "-")			
Credit impairment losses (loss is represented by "-")		**-4,879,385.87**	-21,856,286.29
Asset impairment losses (loss is represented by "-")		**-226,971.94**	-7,710,064.76
Gains from disposal of assets (loss is represented by "-")			

Continued:

Item	*Notes XVI*	Amount in the current period	Amount in the previous period
II. Profit from operations (loss is represented by "-")		**57,768,726.98**	22,444,764.31
Add: Non-operating income			4,526.55
Less: Non-operating expenses		**344,865.38**	517,570.28
III. Total profit (total loss is represented by "-")		**57,423,861.60**	21,931,720.58
Less: Income tax expenses		**6,209,853.65**	1,528,002.42
IV. Net profit (net loss is represented by "-")		**51,214,007.95**	20,403,718.16
(I) Net profit from continuing operations (net loss is represented by "-")		**51,214,007.95**	20,403,718.16
(II) Net profit from discontinued operations (net loss is represented by "-")			
V. Net after-tax amount of other comprehensive income			-829,010.09
(I) Other comprehensive income that cannot be reclassified into profit or loss			-829,010.09
1. Net changes arising from remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be converted to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			-829,010.09
4. Changes in fair value of the enterprise's credit risk			
5. Others			

Continued:

Item	*Notes XVI*	Amount in the current period	Amount in the previous period
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be converted to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for impairment of credit in other debt investments			
5. Reserves for cash flow hedge			
6. Translation difference of foreign currency financial statements			
7. Investment income from a package disposal of subsidiaries before loss of control			
8. Conversion of other assets to investment properties measured by fair value model			
9. Others			
VI. Total comprehensive income		**51,214,007.95**	19,574,708.07
VII. Earnings per share:			
(I) Basic earnings per share			
(II) Diluted earnings per share			

(The accompanying notes form an integral part of these financial statements)

CASH FLOW STATEMENT OF THE PARENT COMPANY

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	*Notes XVI*	**Amount in the current period**	Amount in the previous period
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**1,383,244,785.00**	1,303,932,612.06
Refund of taxes and levies			
Other cash received relating to operating activities		**5,752,229.12**	8,502,455.59
Subtotal of cash inflows of operating activities		**1,388,997,014.12**	1,312,435,067.65
Cash paid for goods purchased and services received		**1,634,781,858.90**	1,093,932,510.87
Cash paid to or on behalf of employees		**18,657,136.83**	19,938,977.43
Taxes and levies paid		**6,675,046.23**	3,477,708.54
Other cash paid relating to operating activities		**20,348,983.59**	14,515,891.62
Subtotal of cash outflows from operating activities		**1,680,463,025.55**	1,131,865,088.46
Net cash flows from operating activities		**-291,466,011.43**	180,569,979.19

Continued:

Item	*Notes XVI*	Amount in the current period	Amount in the previous period
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash from investment income			
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities			
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		**9,006.06**	118,597.86
Cash paid for investments		**26,214,080.10**	15,766,000.00
Net cash paid to acquire subsidiaries and other operating entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		**26,223,086.16**	15,884,597.86
Net cash flows from investing activities		**-26,223,086.16**	-15,884,597.86

Continued:

Item	*Notes XVI*	Amount in the current period	Amount in the previous period
III. Cash flows from financing activities:			
Cash received from capital injection		**360,809,463.76**	
Cash received from debts		**304,765,000.00**	305,000,000.00
Other cash received relating to financing activities		**383,279,876.02**	504,157,321.52
Subtotal of cash inflows from financing activities		**1,048,854,339.78**	809,157,321.52
Cash paid for repayment of borrowings		**378,315,000.00**	360,570,000.00
Cash paid for distribution of dividends, profits or payment of interest expenses		**7,414,289.08**	9,959,863.00
Cash paid relating to other financing activities		**196,776,386.57**	636,591,039.42
Subtotal of cash outflows from financing activities		**582,505,675.65**	1,007,120,902.42
Net cash flows from financing activities		**466,348,664.13**	-197,963,580.90
IV. Effect on cash and cash equivalent from change of exchange rate		**-127,322.82**	
V. Net increase in cash and cash equivalents		**148,532,243.72**	-33,278,199.57
Add: Balance of cash and cash equivalents as at the beginning of the period		**5,323,235.69**	38,601,435.26
VI. Balance of cash and cash equivalents as at the end of the period		**153,855,479.41**	5,323,235.69

(The accompanying notes form an integral part of these financial statements)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Year 2025

Prepared by: Beijing Xunzhong Communication Technology Co., Ltd.

(Amounts in Renminbi, unless otherwise stated)

Item	Amount in the current period										
		Other equity instruments									
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Unallocated profit	Total Shareholders' equity
I. Balance at the end of last year	91,314,291.00				259,423,719.45		-4,250,000.00		61,965,946.30	516,507,000.67	924,960,957.42
Add: Change in accounting policy											
Correction of errors in prior period											
Others											
II. Balance at the beginning of the year	91,314,291.00				259,423,719.45		-4,250,000.00		61,965,946.30	516,507,000.67	924,960,957.42
III. Increase/decrease in amount during the year	30,440,000.00				304,059,477.47					51,214,007.95	385,713,485.42
(I) Total comprehensive income										51,214,007.95	51,214,007.95
(II) Capital contributions and reductions by shareholders	30,440,000.00				304,059,477.47						334,499,477.47
1. Ordinary shares contributed by shareholders	30,440,000.00				330,369,463.76						360,809,463.76
2. Contributed capital by holders of other equity instruments											
3. Share-based payments included in shareholders' equity											
4. Others					-26,309,986.29						-26,309,986.29

Continued:

Item	Amount in the current period										
	Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Unallocated profit	Total Shareholders' equity
(III) Profit allocation											
1. Appropriation to surplus reserve											
2. Allocation to shareholders											
3. Others											
(IV) Transfers within shareholders' equity											
1. Increase share capital from capital reserve											
2. Increase share capital from surplus reserve											
3. Surplus reserve to offset losses											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Appropriation in the period											
2. Usage in the period											
(VI) Others											
IV. Balance at the end of the year	121,754,291.00				563,483,196.92		-4,250,000.00		61,965,946.30	567,721,008.62	1,310,674,442.84

Continued:

Item	Amount in the previous period										
	Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Unallocated profit	Total Shareholders' equity
I. Balance at the end of last year	91,314,291.00				259,423,719.45		-3,420,989.91		59,925,574.48	498,143,654.33	905,386,249.35
Add: Change in accounting policy											
Correction of errors in prior period											
Others											
II. Balance at the beginning of the year	91,314,291.00				259,423,719.45		-3,420,989.91		59,925,574.48	498,143,654.33	905,386,249.35
III. Increase/decrease in amount during the year							-829,010.09		2,040,371.82	18,363,346.34	19,574,708.07
(I) Total comprehensive income							-829,010.09			20,403,718.16	19,574,708.07
(II) Capital contributions and reductions by shareholders											
1. Ordinary shares contributed by shareholders											
2. Contributed capital by holders of other equity instruments											
3. Share-based payments included in shareholders' equity											
4. Others											
(III) Profit allocation									2,040,371.82	-2,040,371.82	
1. Appropriation to surplus reserve									2,040,371.82	-2,040,371.82	
2. Allocation to shareholders											
3. Others											

Continued:

Item	Amount in the previous period										
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Unallocated profit	Total Shareholders' equity
(IV) Transfers within shareholders' equity											
1. Increase share capital from capital reserve											
2. Increase share capital from surplus reserve											
3. Surplus reserve to offset losses											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Appropriation in the period											
2. Usage in the period											
(VI) Others											
IV. Balance at the end of the year	91,314,291.00				259,423,719.45		-4,250,000.00		61,965,946.30	516,507,000.67	924,960,957.42

(The accompanying notes form an integral part of these financial statements)

I. COMPANY PROFILE

(I) Place of incorporation, legal structure, and headquarters address

Beijing Xunzhong Communication Technology Co., Ltd. (the "Company") was formerly known as Beijing Xunzhong Communication Technology Limited. Pursuant to the Letter Regarding Approval of the Listing of Beijing Xunzhong Communication Technology Co., Ltd. on the National Equities Exchange and Quotations (NEEQ Letter [2015] No. 2464) issued by the National Equities Exchange and Quotations Co., Ltd., the Company was listed on the NEEQ on June 16, 2015, with the stock code of 832646. It holds a business license with the Unified Social Credit Code of 91110108682884121J.

On July 9, 2025, following approval by the Hong Kong Stock Exchange, the Company issued 30,440,000 overseas listed foreign shares (H-shares) and was listed on the Main Board of the Hong Kong Stock Exchange. The abbreviation of the H-share stock is Xunzhong (Chinese abbreviation: 訊眾通信), and the stock code is 2597.HK.

Following years of bonus share distributions, capital increases through conversion of capital reserve, and new share issuances, as of December 31, 2025, the Company's total issued shares amounted to 121.754291 million shares, of which: 91.314291 million shares were issued on the National Equities Exchange and Quotations (NEEQ), 30.44 million H-shares were issued on the Hong Kong Stock Exchange. The registered capital is RMB121.754291 million. The registered address is Room 101, -1-3/F, Building 14, Yard 5, Shangtong Avenue, Tongzhou District, Beijing, PRC. The actual controller is Piao Shenggen.

(II) Business nature and principal activities

The Company operates in the software and information technology services industry, with its primary products and services consisting of value-added telecommunications services. The Company specializes in the research, development, and market expansion of cloud-based unified communications value-added products. As a provider and operator of enterprise-level unified communications solutions and products, the Company holds a nationwide telecommunications value-added service operating license authorized by the Ministry of Industry and Information Technology.

The Company's primary business activities include: providing call center management platforms to corporate clients; providing voice-based marketing tools to corporate clients; and providing middleware products and technical interfaces that deliver value-added voice communication services to corporate clients.

(III) Scope of the consolidated financial statements

The Company had 26 subsidiaries included in the scope of consolidation for the current period; for details, please refer to Note VIII "Interests in Other Entities". The number of entities included in the consolidated financial statements for this period increased by four compared to the previous period. For specific details regarding changes in the scope of consolidation, please refer to Note VII "Changes in the Scope of Consolidation".

(IV) Approval and release of financial statements

These financial statements were approved for issuance by the Company's Board of Directors on April 24, 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the CASBE promulgated by the Ministry of Finance of the PRC, together with their application guidelines, interpretations and other relevant regulations (collectively the "Enterprise Accounting Standards"). In addition, the Company disclosed relevant financial information in compliance with the applicable disclosure provisions of the Rule No. 15 on Information Disclosure and Reporting for Companies with Publicly Traded Securities — General Provisions for Financial Reports (2023 Revision) issued by China Securities Regulatory Commission and the Rules Governing the Listing of Securities on Stock Exchange.

(II) Going concern

The Company has evaluated its ability to continue as a going concern for the 12 months from the end of the Reporting Period and has not identified any events or circumstances that may cast significant doubt over its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

(III) Bookkeeping basis and valuation principles

The Company's accounting records are based on the accrual method. Except for certain financial instruments measured at fair value, items in these financial statements are measured at historical cost. If an asset becomes impaired, an impairment provision is recognized in accordance with relevant regulations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Notes on specific accounting policies and accounting estimates

Based on the characteristics of its production and operations, and in accordance with relevant enterprise accounting standards, the Company has established specific accounting policies and estimates, which are primarily reflected in Items (XIII) "Bad debt provisions for accounts receivable" and (XXXV) "Revenue" under Note III, among others.

(II) Statement of compliance with enterprise accounting standards

The financial statements prepared by the Company comply with the requirements of the Enterprise Accounting Standards and provide a true and fair view of the Company's financial position, operating results, cash flows, and other relevant information for the Reporting Period.

(III) Accounting period

The fiscal year runs from January 1 to December 31.

(IV) Business cycle

The business cycle refers to the period from when a company purchases assets for processing until it receives cash or cash equivalents. The Company uses a 12-month period as its business cycle and applies this as the criterion for classifying assets and liabilities as current or non-current.

(V) Functional currency

The Renminbi is used as the functional currency.

(VI) Methods for determining materiality criteria and basis for selection

Item	Materiality criteria
Important individual receivables for which bad debt provisions have been made	The amount of individual provision exceeds 10% of the total bad debt provision for all types of receivables and is greater than RMB5 million
Recovery or reversal of bad debt provisions for important receivables	The amount of individual recoveries or reversals accounts for more than 10% of the total amount of all receivables and is greater than RMB5 million
Actual write-off of important receivables	The amount of individual write-offs accounts for more than 10% of the total bad debt provisions for all types of receivables and is greater than RMB5 million
Important prepayments with an aging of over one year	The individual prepayments with an aging of over one year account for more than 10% of the total prepayments and have an amount greater than RMB5 million
Important accounts payable and other payables	The individual accounts payable/other payables with an aging of over one year account for more than 10% of the total accounts payable/other payables and have an amount greater than RMB5 million
Important contract liabilities with an aging of over one year	The individual contract liabilities with an aging of over one year account for more than 30% of the total contract liabilities
Important externally sourced research projects	The single item accounts for more than 10% of the total R&D investment and the amount is greater than RMB5 million

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

1. When the terms, conditions, and economic effects of the various transactions involved in a step-by-step business combination meet one or more of the following criteria, the multiple transactions are accounted for as a single transaction

(1) These transactions are entered into simultaneously or with due regard to their mutual impact;

(2) These transactions, taken as a whole, are necessary to achieve a complete business outcome;

(3) The occurrence of a transaction is contingent upon the occurrence of at least one other transaction;

(4) A transaction may not be economically viable when considered in isolation, but it becomes economically viable when considered in conjunction with other transactions.

2. Business combinations under common control

A business combination is classified as a business combination among entities under common control if the entities involved are ultimately controlled by the same party or parties before and after the combination, and such control is not temporary.

Assets and liabilities acquired by the Company in a business combination are measured at the carrying amounts of the acquiree's assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the acquiree) as of the combination date in the ultimate controlling party's consolidated financial statements. The difference between the carrying amount of the net assets acquired in the merger and the carrying amount of the merger consideration paid (or the total par value of the shares issued) shall be recorded as an adjustment to the share premium account under capital reserves; if the share premium account is insufficient to absorb the difference, the remaining amount shall be recorded as an adjustment to retained earnings.

If there is contingent consideration and it is necessary to recognize an accrued liability or asset, the difference between the amount of such accrued liability or asset and the subsequent settlement amount of the contingent consideration shall be recorded in capital reserve (capital premium or share premium). If capital reserve is insufficient, the difference shall be recorded in retained earnings.

Where a business combination is ultimately achieved through a series of transactions that constitute a single transaction, each transaction shall be accounted for as a single transaction resulting in the acquisition of control. For transactions that are not part of a single transaction, on the date control is obtained, the difference between the initial investment cost of the long-term equity investment and the sum of the carrying amount of the long-term equity investment prior to the merger and the carrying amount of the additional consideration paid for the additional shares acquired on the merger date shall be recorded in capital reserve; if capital reserve is insufficient to absorb the difference, the amount shall be recorded in retained earnings. For equity investments held prior to the merger date, other comprehensive income recognized under the equity method or in accordance with the Standard on Recognition and Measurement of Financial Instruments shall not be accounted for until the investment is disposed of, at which time it shall be accounted for on the same basis as the investee's direct disposal of the related assets or liabilities. Other changes in equity of the investee recognized under the equity method, excluding net profit or loss, other comprehensive income, and distributions of profits, are not accounted for at this time; they are transferred to profit or loss for the current period upon disposal of the investment.

3. Business combinations not under common control

A business combination in which the entities involved are not ultimately controlled by the same party or the same group of parties before and after the combination is classified as a business combination not under common control.

The Company measures assets given and liabilities incurred or assumed as consideration for a business combination at fair value on the acquisition date; the difference between the fair value and the carrying amount is recognized in profit or loss for the current period.

The Company recognizes as goodwill the excess of the cost of the business combination over the Company's share of the fair value of the acquiree's identifiable net assets. If the cost of the combination is less than the acquirer's share of the fair value of the acquiree's identifiable net assets, the fair values of the acquiree's identifiable assets, liabilities, and contingent liabilities, as well as the measurement of the cost of the combination, shall first be reviewed. If, after the review, the cost of the combination remains less than the acquirer's share of the fair value of the acquiree's identifiable net assets, the difference shall be recognized in profit or loss for the current period.

A business combination not under common control that is achieved in stages through multiple exchange transactions shall be accounted for as a single transaction resulting in the acquisition of control if the transactions constitute a single transaction. If the transactions do not constitute a single transaction, and the equity investment held prior to the merger date shall be accounted for using the equity method, the initial cost of the investment shall be the sum of the carrying amount of the equity investment in the acquiree held prior to the acquisition date and the cost of the additional investment acquired on the acquisition date. Other comprehensive income recognized in respect of an equity investment held prior to the acquisition date under the equity method shall be accounted for upon disposal of the investment on the same basis as that applied to the direct disposal of the investee's related assets or liabilities. For equity investments held prior to the merger date that are accounted for in accordance with the Standard on the Recognition and Measurement of Financial Instruments, the initial investment cost as of the merger date shall be the sum of the fair value of the equity investment as of the merger date and the cost of the additional investment. The difference between the fair value and the carrying amount of the previously held equity interest, as well as the cumulative fair value changes previously recognized in other comprehensive income, shall be transferred in full to investment income for the period in which the merger took place.

4. Expenses related to the merger

Intermediary fees, such as audit, legal, and valuation advisory fees, as well as other directly related expenses incurred in connection with a business combination, are recognized in profit or loss in the period in which they are incurred; transaction costs associated with the issuance of equity securities in connection with a business combination may be deducted directly from equity in the period in which the equity transaction is recognized.

(VIII) Criteria for determining control and methods for preparing consolidated financial statements

1. *Criteria for determining control*

Control refers to the investor's power over the investee, the ability to earn variable returns by participating in the investee's activities, and the ability to use that power to influence the amount of those returns.

The Company determines whether it controls the investee based on a comprehensive consideration of all relevant facts and circumstances. If changes in relevant facts and circumstances result in changes to the relevant factors involved in the definition of control, the Company will conduct a reassessment. The relevant facts and circumstances primarily include:

(1) The purpose for which the investee was established.

(2) The investee's relevant activities and how decisions regarding those activities are made.

(3) Whether the rights held by the investor currently enable it to exercise control over the investee's relevant activities.

(4) Whether the investor receives variable returns through participation in the investee's relevant activities.

(5) Whether the investor has the ability to use its influence over the investee to affect the amount of its return.

(6) The investor's relationship with other parties.

2. *Scope of consolidation*

The scope of consolidation for the Company's consolidated financial statements is determined on the basis of control; all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

3. Procedures for consolidation

The Company prepares its consolidated financial statements based on the financial statements of the Company and its subsidiaries, taking into account other relevant information. The Company prepares its consolidated financial statements by treating the entire corporate group as a single accounting entity. In accordance with the recognition, measurement, and presentation requirements of relevant enterprise accounting standards, and using uniform accounting policies, these statements reflect the corporate group's overall financial position, operating results, and cash flows.

All subsidiaries included in the scope of the consolidated financial statements adopt accounting policies and fiscal years consistent with those of the Company. If a subsidiary's accounting policies or fiscal years differ from those of the Company, necessary adjustments will be made in accordance with the Company's accounting policies and fiscal years when preparing the consolidated financial statements.

When preparing the consolidated financial statements, the impacts of internal transactions between the Company and its subsidiaries, as well as among the subsidiaries themselves, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in shareholders' equity shall be eliminated. If the determination of the same transaction from the perspective of the consolidated financial statements of the corporate group is different from that from the accounting perspective of the company or its subsidiaries, the transaction shall be adjusted from the perspective of the corporate group.

The minority interest in the subsidiary's equity, net profit or loss for the period, and comprehensive income for the period are presented separately under the "Equity" section of the consolidated balance sheet, the "Net Profit" section of the consolidated income statement, and the "Total Comprehensive Income" section, respectively. Any balance arising from the fact that the current-period loss allocated to minority interest in a subsidiary exceeds the minority interest's share of the subsidiary's opening equity is offset against minority interest.

For subsidiaries acquired through a business combination under common control, adjustments to their financial statements are made based on the carrying amounts of their assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the subsidiary) as reflected in the ultimate controlling party's financial statements.

For subsidiaries acquired in a business combination not under common control, adjustments to their financial statements are made based on the fair value of identifiable net assets as of the acquisition date.

(1) Addition of a subsidiary or business

During the Reporting Period, if a subsidiary or business is added as a result of a business combination under common control, the opening balances of the consolidated balance sheet shall be adjusted; the revenue, expenses, and profit of the subsidiary or business from the beginning of the period in which the combination occurred through the end of the Reporting Period shall be included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the period in which the combination occurred through the end of the Reporting Period shall be included in the consolidated cash flow statement, while adjusting the corresponding items in the comparative financial statements, as if the consolidated entity had existed continuously from the date the ultimate controlling party first obtained control.

Where control over an investee under common control is acquired as a result of additional investments or other reasons, adjustments shall be made as if the parties to the merger had existed in their current form at the time the ultimate controlling party first acquired control. For equity investments held prior to obtaining control of the acquiree, any gains or losses, other comprehensive income, and changes in other net assets recognized between the date of acquisition of the original equity interest and the date on which the acquirer and the acquiree came under common control (whichever is later) and the merger date shall be offset against retained earnings at the beginning of the comparative reporting period or against the profit and loss for the current period, respectively.

During the Reporting Period, if a subsidiary or business is added as a result of a business combination not under common control, the opening balances of the consolidated balance sheet are not adjusted; the revenue, expenses, and profit of such subsidiary or business from the acquisition date to the end of the Reporting Period are included in the consolidated income statement; and the cash flows of such subsidiary or business from the acquisition date to the end of the Reporting Period are included in the consolidated cash flow statement.

If the Company gains control of an investee not under common control due to additional investments or other reasons, the Company will remeasure the equity interest in the investee held prior to the acquisition date at its fair value as of the acquisition date, and recognize the difference between the fair value and the carrying amount as investment income for the current period. If the equity interest in the acquiree held prior to the acquisition date relates to other comprehensive income recognized under the equity method, as well as changes in other equity other than net profit or loss, other comprehensive income, and distributions of profits, the related other comprehensive income and changes in other equity shall be reclassified to investment income for the period in which the acquisition date falls, except for other comprehensive income arising from the investee's remeasurement of the net liability or net asset of a defined benefit plan.

(2) Disposal of a subsidiary or business

1) General treatment methods

During the Reporting Period, if the Company disposes of a subsidiary or business, the revenue, expenses, and profit of that subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement; the cash flows of that subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

When the Company loses control of an investee due to the disposal of a portion of its equity investment or for other reasons, it remeasures the remaining equity investment at its fair value as of the date control is lost. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, and the sum of the share of the net assets of the former subsidiary calculated on a pro rata basis from the date of purchase or the date of merger and goodwill, is included in the investment income in the period in which control is lost. Other comprehensive income related to equity investments in the former subsidiary, or changes in equity other than net profit or loss, other comprehensive income, and distributions of profits, are reclassified to investment income in the period in which control is lost, except for other comprehensive income arising from the investee's remeasurement of the net liability or net asset changes of a defined benefit plan.

2) Staged disposal of a subsidiary

Where an equity investment in a subsidiary is disposed of in stages through multiple transactions until control is lost, if the terms, conditions, and economic effects of each transaction involving the disposal of the equity investment in the subsidiary meet one or more of the following criteria, this generally indicates that the series of transactions should be accounted for as a single transaction:

A. These transactions are entered into simultaneously or with due regard to their mutual impact;

B. These transactions, taken as a whole, are necessary to achieve a complete business outcome;

C. The occurrence of a transaction is contingent upon the occurrence of at least one other transaction;

D. A transaction may not be economically viable when considered in isolation, but it becomes economically viable when considered in conjunction with other transactions.

If the series of transactions involving the disposal of equity investments in a subsidiary up to the point of losing control constitute a single transaction, the Company will account for all such transactions as a single transaction involving the disposal of the subsidiary and the loss of control. However, the difference between the proceeds from each disposal prior to the loss of control and the share of the subsidiary's net assets corresponding to the investment disposed of is recognized as other comprehensive income in the consolidated financial statements and is reclassified to profit or loss in the period in which control is lost.

Transactions involving the disposal of equity investments in a subsidiary that do not constitute a single transaction leading to the loss of control shall be accounted for in accordance with the policies applicable to the partial disposal of equity investments in the subsidiary where control is not lost, until such loss of control occurs; upon the loss of control, such transactions shall be accounted for in accordance with the general methods for the disposal of a subsidiary.

(3) *Acquisition of a minority stake in a subsidiary*

The difference between the Company's newly acquired long-term equity investment resulting from the purchase of a minority interest and the share of the subsidiary's net assets that the Company is entitled to, calculated based on the new ownership percentage and accrued continuously from the date of purchase (or the date of consolidation), is recorded as an adjustment to the share premium account within capital reserve on the consolidated balance sheet. If the share premium account is insufficient to absorb the difference, the remaining amount is recorded as an adjustment to retained earnings.

(4) *Partial disposal of equity investments in a subsidiary without losing control*

The difference between the proceeds from the partial disposal of a long-term equity investment in a subsidiary without losing control, and the investor's share of the subsidiary's net assets, calculated continuously from the date of acquisition or the date of consolidation, shall be recorded as an adjustment to the share premium account within capital reserves in the consolidated balance sheet. If the share premium account is insufficient to absorb the difference, the remaining amount shall be recorded as an adjustment to retained earnings.

(IX) Classification of joint venture arrangements and accounting treatment for joint operations

1. Classification of joint venture arrangement

The Company classifies joint venture arrangements as joint operations or joint ventures based on factors such as the structure and legal form of the joint venture arrangement, the terms agreed upon in the arrangement, and other relevant facts and circumstances. A joint operation is a joint venture arrangement in which the joint operators have rights to the assets and obligations related to the arrangement. A joint venture is a joint venture arrangement in which the joint venturers have rights only to the net assets of the arrangement.

2. *Accounting treatment for joint operations*

The Company has identified the following items related to its share of profits in joint operations and has accounted for them in accordance with the relevant accounting standards:

(1) Recognize assets held solely by the entity, and recognize jointly held assets in proportion to the entity's share;

(2) Recognize liabilities incurred solely by the entity, as well as liabilities incurred jointly, in proportion to the entity's share;

(3) Recognize revenue arising from the sale of its share of the output from the joint operations;

(4) Recognize revenue from the sale of output from the joint operations in proportion to its share;

(5) Recognize expenses incurred on an individual basis, and recognize expenses incurred in joint operations in proportion to the entity's share.

When the Company contributes or sells assets to a joint operation (excluding assets that constitute a business), it recognizes only the portion of the gain or loss arising from the transaction that is attributable to the other participants in the joint operation until such assets are sold by the joint operation to a third party. If an impairment loss occurs on an asset that has been disposed of or sold, the Company recognizes the full amount of the loss.

The Company recognizes, with respect to assets acquired through a joint operation (excluding those that constitute a business), only the portion of the gain or loss arising from such transactions that is attributable to the other participants in the joint operation, prior to the sale of such assets to a third party. If an impairment loss occurs on an acquired asset, the Company recognizes its share of that loss.

(X) Criteria for determining cash and cash equivalents

In preparing the statement of cash flows, the Company recognizes cash on hand and deposits available for immediate payment as cash. Investments that meet all four of the following criteria – short-term (generally maturing within three months of the date of purchase), highly liquid, readily convertible into a known amount of cash, and subject to minimal risk of changes in value – are classified as cash equivalents.

(XI) Financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

The effective interest method is a method used to calculate the amortized cost of a financial asset or financial liability and to allocate interest income or interest expense across accounting periods.

The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability over its expected life to the book balance of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, expected cash flows are estimated based on all contractual terms of the financial asset or financial liability (such as prepayment, extension, call options, or other similar options), but expected credit losses are not taken into account.

The amortized cost of a financial asset or financial liability is the initial recognition amount of that financial asset or financial liability, less principal repayments, plus or minus the cumulative amortization resulting from the application of the effective interest method to the difference between the initial recognition amount and the maturity amount, less any accumulated loss provisions (applicable only to financial assets).

1. Classification, recognition, and measurement of financial assets

Based on the business model of the financial assets it manages and the contractual cash flow characteristics of those financial assets, the Company classifies financial assets into the following three categories:

(1) Financial assets at amortized cost.

(2) Financial assets at fair value through other comprehensive income.

(3) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition; however, accounts receivable or notes receivable arising from the sale of goods or the provision of services are measured initially at the transaction price if they do not contain a significant financing component or if the financing component is not considered for a period not exceeding one year.

For financial assets at fair value through profit or loss, transaction costs are recognized directly in profit or loss; for financial assets in other categories, transaction costs are included in their initial recognition amount.

The subsequent measurement of financial assets depends on their classification; all affected financial assets are reclassified only when the Company changes the business model under which it manages those financial assets.

(1) Classification as financial assets at amortized cost

If the contractual terms of a financial asset provide for cash flows arising on specific dates that consist solely of payments of principal and interest based on the outstanding principal amount, and the business model for managing that financial asset is aimed at collecting the contractual cash flows, the Company classifies that financial asset as a financial asset at amortized cost. The Company's financial assets classified as measured at amortized cost include monetary capital, notes receivable, accounts receivable, and other receivables.

The Company recognizes interest income from such financial assets using the effective interest method and measures them subsequently at amortized cost. Any gains or losses arising from impairment, derecognition, or modification are recognized in profit or loss for the current period. Except in the following circumstances, the Company determines interest income by multiplying the book balance of the financial asset with the effective interest rate:

1) For purchased or originated financial assets that have become credit-impaired, the Company calculates interest income based on the amortized cost of the financial asset and the credit-adjusted effective interest rate from the date of initial recognition.

2) For financial assets that were acquired or originated without credit impairment but subsequently became impaired, the Company calculates and recognizes interest income in subsequent periods based on the amortized cost and effective interest rate of such financial assets. If, in a subsequent period, the financial instrument is no longer credit-impaired due to an improvement in its credit risk, the Company calculates interest income by multiplying the effective interest rate with the book balance of the financial asset.

(2) *Classification as financial assets at fair value through other comprehensive income*

If the contractual terms of a financial asset provide that the cash flows arising on specific dates consist solely of payments of principal and interest based on the outstanding principal amount, and the business model for managing that financial asset is designed to achieve both the collection of contractual cash flows and the sale of the financial asset, the Company classifies that financial asset as a financial asset at fair value through other comprehensive income.

The Company uses the effective interest method to recognize interest income on such financial assets. Except for interest income, impairment losses, and foreign exchange gains or losses, which are recognized in profit or loss for the period, changes in fair value are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified out of other comprehensive income and recognized in profit or loss for the period.

Notes receivable and accounts receivable at fair value through other comprehensive income are classified as receivables financing; other financial assets of this type are classified as other debt investments. Among these, other debt investments due within one year from the balance sheet date are classified as non-current assets due within one year, while other debt investments with original maturities of one year or less are classified as other current assets.

(3) *Designation as financial assets at fair value through other comprehensive income*

Upon initial recognition, the Company may irrevocably designate a non-trading equity instrument investment as a financial asset at fair value through other comprehensive income on an individual financial asset basis.

Changes in the fair value of these financial assets are recognized in other comprehensive income, and no impairment provision is required. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified out of other comprehensive income and recognized in retained earnings. Dividend income is recognized and included in profit or loss for the current period when, during the period in which the Company holds the equity instrument, the Company's right to receive dividends has been established, it is probable that the economic benefits associated with the dividends will flow to the Company, and the amount of the dividends can be reliably measured. The Company reports these financial assets under "Investments in other equity instruments".

Equity instrument investments that meet any of the following conditions are classified as financial assets at fair value through profit or loss: the financial asset was acquired principally for the purpose of selling it in the near term; at initial recognition, it was part of a centrally managed portfolio of identifiable financial assets, and there is objective evidence of a recent pattern of short-term profit-taking; or it is a derivative (except for derivatives that meet the definition of a financial guarantee contract or are designated as effective hedging instruments).

(4) Classification as financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for classification as financial assets at amortized cost or financial assets at fair value through other comprehensive income, and that are not designated as financial assets at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss.

The Company measures these financial assets at fair value and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income related to these financial assets, in profit or loss for the current period.

The Company classifies these financial assets as either financial assets held for trading or other non-current financial assets based on their liquidity.

(5) Designation as financial assets at fair value through profit or loss

Upon initial recognition, the Company may irrevocably designate a financial asset as a financial asset at fair value through profit or loss on an individual basis in order to eliminate or significantly reduce accounting mismatches.

If a hybrid contract contains one or more embedded derivatives and the host contract does not qualify as any of the financial assets described above, the Company may designate the entire contract as a financial instrument at fair value through profit or loss, except in the following circumstances:

1) The embedded derivatives do not significantly alter the cash flows of hybrid contracts.

2) When initially determining whether a hybrid contract of this type requires unbundling, it is clear without much analysis that the embedded derivatives it contains should not be separated. For example, if a loan includes an early repayment option that allows the holder to repay the loan early at an amount close to its amortized cost, that early repayment option does not need to be separated.

The Company measures these financial assets at fair value and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income related to these financial assets, in profit or loss for the current period.

The Company classifies these financial assets as either financial assets held for trading or other non-current financial assets based on their liquidity.

2. Classification, recognition, and measurement of financial liabilities

The Company classifies a financial instrument or its components as a financial liability or an equity instrument upon initial recognition based on the contractual terms of the financial instrument and the economic substance they reflect rather than solely on legal form, in conjunction with the definitions of financial liabilities and equity instruments. Upon initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are recognized directly in profit or loss; for financial liabilities in other categories, transaction costs are included in their initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities at fair value through profit or loss

These financial liabilities include financial liabilities held for trading (including derivatives classified as financial liabilities) and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

A financial liability is classified as a financial liability held for trading if it meets any of the following criteria: it is held principally for the purpose of selling or repurchasing in the near term; it is part of a centrally managed portfolio of identifiable financial instruments, and there is objective evidence that the entity has a recent pattern of short-term trading; or it is a derivative, except for derivatives that are designated as effective hedging instruments or derivatives that meet the criteria for financial guarantee contracts. Financial liabilities held for trading (including derivatives classified as financial liabilities) are subsequently measured at fair value; except for those related to hedge accounting, all changes in fair value are recognized in profit or loss for the period.

Upon initial recognition, in order to provide more relevant accounting information, the Company irrevocably designates financial liabilities that meet any of the following criteria as financial liabilities at fair value through profit or loss:

1) It can eliminate or significantly reduce accounting mismatches.

2) The performance of portfolios of financial liabilities or portfolios of financial assets and financial liabilities is managed and assessed on a fair value basis, in accordance with the entity's risk management or investment strategies as set forth in formal written documentation, and reported to key management personnel within the entity on this basis.

The Company measures these financial liabilities at fair value; except for changes in fair value attributable to changes in the Company's own credit risk, which are recognized in other comprehensive income, all other changes in fair value are recognized in profit or loss for the period. Unless recognizing changes in fair value attributable to changes in the Company's own credit risk in other comprehensive income would create or exacerbate an accounting mismatch in profit or loss, the Company recognizes all changes in fair value (including the impact of changes in its own credit risk) in profit or loss for the period.

(2) Other financial liabilities

Except for the following items, the Company classifies financial liabilities as financial liabilities at amortized cost. For such financial liabilities, the Company applies the effective interest method to measure them at amortized cost, and recognizes gains or losses arising from derecognition or amortization in profit or loss for the period:

1) Financial liabilities at fair value through profit or loss.

2) A financial liability arising from a transfer of financial assets that does not meet the criteria for derecognition or from continued involvement in the transferred financial assets.

3) Financial guarantee contracts that do not fall under the first two categories of this section, as well as loan commitments involving loans made at below-market interest rates that do not fall under category 1) of this section.

A financial guarantee contract is a contract that requires the issuer to pay a specified amount to the contract holder who has suffered a loss if a specific debtor fails to repay the debt upon maturity in accordance with the terms of the original or amended debt instrument. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured, after initial recognition, at the higher of the amount of the loss provision and the balance of the initial recognition amount less cumulative amortization during the guarantee period.

3. Derecognition of financial assets and financial liabilities

(1) A financial asset shall be derecognized, that is, removed from the accounts and the balance sheet, if it meets any of the following conditions:

1) The contractual rights to receive cash flows from the financial asset have been terminated.

2) The financial asset has been transferred, and the transfer meets the criteria for derecognition of the financial asset.

(2) Criteria for derecognition of financial liabilities

If the present obligation associated with a financial liability (or a portion thereof) has been discharged, the financial liability (or that portion of the financial liability) shall be derecognized.

If the Company enters into an agreement with the lender to replace an existing financial liability with a new financial liability, and the contractual terms of the new financial liability differ substantially from those of the existing financial liability, or if the contractual terms of the existing financial liability (or a portion thereof) are substantially modified, the Company derecognizes the existing financial liability and recognizes a new financial liability, and the difference between the carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss for the period.

When the Company repurchases a portion of a financial liability, it allocates the carrying amount of the financial liability as a whole based on the proportion of the fair value of the portion retained and the portion derecognized on the repurchase date relative to the total fair value of the financial liability. The difference between the carrying amount allocated to the portion of the transaction for derecognition and the consideration paid (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss for the current period.

4. Basis for recognition and measurement of transfers of financial assets

When a transfer of financial assets occurs, the Company assesses the extent of the risks and rewards associated with retaining ownership of the financial assets and handles such situations as follows:

(1) If substantially all the risks and rewards of ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations arising from or retained in the transfer are recognized separately as assets or liabilities.

(2) If the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

(3) Where substantially all the risks and rewards associated with ownership of the financial asset are neither transferred nor retained (i.e., circumstances other than those described in (1) and (2) of this paragraph), the following treatment applies depending on whether control over the financial asset has been retained:

1) If the control over the financial asset is not retained, the financial asset is derecognized, and the rights and obligations arising from or retained in the transfer are recognized separately as assets or liabilities.

2) If the control over the financial asset is retained, the Company continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes a corresponding liability. The extent of continuing involvement in the transferred financial assets refers to the extent to which the Company bears the risk or reward of changes in the value of the transferred financial assets.

When determining whether a transfer of a financial asset meets the criteria for derecognition of financial assets described above, the substance-over-form principle is applied. The Company classifies transfers of financial assets into transfers of the entire financial asset and partial transfers.

(1) If a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the following two amounts shall be recognized in profit or loss for the current period:

1) The carrying amount of the transferred financial asset as of the date of derecognition.

2) The sum of the consideration received for the transfer of a financial asset and the portion of the cumulative fair value changes previously recognized directly in other comprehensive income that corresponds to the derecognition of the transferred financial asset (where the transferred financial asset is a financial asset at fair value through other comprehensive income).

(2) Where a financial asset is partially transferred and the transferred portion as a whole meets the criteria for derecognition, the carrying amount of the financial asset prior to the transfer shall be allocated between the portion subject to derecognition and the portion retained (in which case, the retained service asset shall be treated as a part of the retained financial asset) based on their respective relative fair values as of the transfer date, and the difference between the following two amounts shall be recognized in profit or loss for the period:

1) The carrying amount of the portion derecognized as of the date of derecognition.

2) The sum of the consideration received for the portion derecognized and the portion of the cumulative fair value changes recognized in other comprehensive income that corresponds to the derecognition of the transferred financial asset (where the transferred financial asset is a financial asset at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

5. Methods for determining the fair value of financial assets and financial liabilities

Financial assets or financial liabilities in an active market are measured at fair value based on quoted prices in that active market, unless the financial asset is subject to a lock-up period. For financial assets subject to restrictions on the sale of the assets themselves, the fair value is determined based on quoted prices in an active market, less the compensation demanded by market participants for assuming the risk of being unable to sell the financial asset on the open market during a specified period. Active market quoted prices include quotes for relevant assets or liabilities that are readily and regularly available from exchanges, dealers, brokers, industry groups, pricing agencies, or regulatory authorities, and that represent market transactions that actually and frequently occur on an arm's-length basis.

The fair value of financial assets or financial liabilities initially acquired or derived is determined based on market transaction prices.

For financial assets or financial liabilities for which there is no active market, fair value is determined using valuation techniques. In performing valuations, the Company employs valuation techniques that are appropriate under the circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in transactions involving such assets or liabilities, and gives priority to relevant observable inputs whenever possible. Unobservable inputs are used when relevant observable inputs are unavailable or cannot be obtained in a practical manner.

6. Financial instrument impairment

The Company applies impairment accounting based on expected credit losses and recognizes loss provisions for financial assets at amortized cost, financial assets at fair value through other comprehensive income, and contract assets.

Expected credit loss refers to the weighted average of credit losses on financial instruments, weighted by the probability of default. Credit loss refers to the difference between the present value of all contractual cash flows due to the Company, discounted at the original effective interest rate, and the present value of all expected cash inflows, i.e., the present value of the total cash shortfall. In particular, financial assets purchased or originated by the Company that have incurred credit impairment shall be discounted using the credit-adjusted effective interest rate of such financial assets.

The Company measures loss provisions for all contract assets, notes receivable, and accounts receivable arising from transactions governed by revenue standards at an amount equal to the expected credit losses over the entire life of the contracts.

For the purchased or originated financial assets that have become credit-impaired, only the cumulative change in expected credit losses over the entire life of the asset since initial recognition is recognized as a loss provision at the balance sheet date. At each balance sheet date, the change in the expected credit loss over the entire life is recognized as an impairment loss or gain in profit or loss for the current period. Even if the expected credit losses over the entire life determined as of the balance sheet date are less than the amount of expected credit losses reflected in the estimated cash flows at initial recognition, the favorable change in expected credit losses is recognized as an impairment gain.

Except for financial assets that are measured using simplified measurement methods or that have incurred credit impairments due to purchase or origination, as described above, the Company assesses at each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since initial recognition, and measures its loss provision, recognizes expected credit losses, and records changes therein in accordance with the following scenarios:

(1) If the credit risk of the financial instrument has not increased significantly since initial recognition and the instrument is in Stage 1, a loss provision is recognized in an amount equal to the expected credit loss on the financial instrument over the next 12 months, and interest income is calculated based on the book balance and the effective interest rate.

(2) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has yet occurred, and the instrument is in Stage 2, the loss provision is measured at an amount equal to the expected credit losses over the entire life of the financial instrument, and interest income is calculated based on the book balance and the effective interest rate.

(3) If the financial instrument has become credit-impaired since initial recognition and is in Stage 3, the Company measures its loss provision based on the amount of expected credit losses over the entire life of the financial instrument and calculates interest income using the amortized cost and effective interest rate methods.

Increases or reversals in provisions for credit losses on financial instruments are recognized as impairment losses or gains in profit or loss for the current period. Except for financial assets at fair value through other comprehensive income, the provision for credit losses reduces the book balance of the financial asset. For financial assets at fair value through other comprehensive income, the Company recognizes credit loss provisions in other comprehensive income without reducing the carrying amount of such financial assets as presented in the balance sheet.

The Company had previously recognized a loss provision in the prior accounting period in an amount equal to the expected credit losses over the entire life of the financial instrument; however, as of the current balance sheet date, if the financial instrument no longer meets the criteria for a significant increase in credit risk since initial recognition, the Company measures the loss provision for that financial instrument at the balance sheet date in the current period based on the amount of expected credit losses over the next 12 months. The amount of the loss provision reversed as a result is recognized as an impairment gain in profit or loss for the current period.

(1) Significant increase in credit risk

The Company uses reasonable and supportable forward-looking information to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition. With respect to financial guarantee contracts, the Company uses the date on which it becomes the party making an irrevocable commitment as the date of initial recognition when applying the impairment provisions for financial instruments.

When assessing whether credit risk has increased significantly, the Company will consider the following factors:

1) Whether there has been, or is expected to be, a significant change in the debtor's operating results;

2) Whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates;

3) Whether there has been a significant change in the value of the collateral securing the debt or in the quality of the guarantee or credit enhancement provided by a third party, where such changes are expected to reduce the debtor's economic incentive to repay the debt within the contractual timeframe or affect the probability of default;

4) Whether there has been a significant change in the debtor's expected performance and repayment behavior;

5) Whether there have been any changes to the Company's credit management methods for financial instruments, etc.

At the balance sheet date, if the Company determines that a financial instrument has only a low level of credit risk, the Company assumes that the credit risk associated with that financial instrument has not increased significantly since initial recognition. If a financial instrument has a low risk of default, the borrower has a strong ability to meet its contractual cash flow obligations in the short term, and adverse changes in economic conditions and the operating environment over a longer period do not necessarily impair the borrower's ability to meet its contractual cash flow obligations, then the financial instrument is considered to have low credit risk.

(2) Financial assets that have suffered credit impairment

A financial asset becomes credit-impaired when one or more events occur that have an adverse effect on the expected future cash flows of that financial asset. Evidence that a financial asset has suffered credit impairment includes the following observable information:

1) significant financial difficulties of the issuer or the debtor;

2) a breach of contract by the debtor, such as default or delay in payment of interest or principal;

3) the creditor granting concessions to the debtor that the debtor would not have made under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;

4) the probability that the debtor will go bankrupt or undergo other financial restructuring;

5) financial difficulties of the issuer or the debtor resulting in the disappearance of an active market for the financial asset;

6) a financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be the result of a combination of several events and may not necessarily be the result of individually identifiable events.

(3) Determination of expected credit losses

The Company assesses expected credit losses on financial instruments on an individual and collective basis, taking into account reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company classifies financial instruments into different portfolios based on their shared credit risk characteristics. The common credit risk characteristics used by the Company include: type of financial instrument, credit rating, aging profile, past-due aging profile, contract settlement cycle, and the debtor's industry. For details on the individual assessment criteria and portfolio credit risk characteristics of the relevant financial instruments, please refer to the accounting policies for those financial instruments.

The Company determines the expected credit losses on relevant financial instruments using the following methods:

1) For financial assets, credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows.

2) For lease receivables, credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows to be received.

3) For financial guarantee contracts, credit loss is the present value of the difference between the estimated amount the Company will pay to the contract holder to cover credit losses incurred by the contract holder and the amount the Company expects to recover from the contract holder, the debtor, or any other party.

4) For financial assets that have incurred credit impairment as of the balance sheet date but were not purchased or originated with existing credit impairment, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Company's approach to measuring expected credit losses on financial instruments reflects factors including: the unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions that can be obtained without undue additional cost or effort as of the balance sheet date.

(4) Write-down of financial assets

When the Company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, it writes down the book balance of that financial asset directly. This write-down constitutes the derecognition of the related financial asset.

7. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately on the balance sheet and are not offset against each other. However, if the following conditions are met simultaneously, the net amount after offsetting shall be presented on the balance sheet:

(1) The Company has a legal right to offset the recognized amount, and that legal right is currently enforceable;

(2) The Company plans to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously.

(XII) Notes receivable

For details on the Company's methodology for determining expected credit losses on notes receivable and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

For notes receivable, where credit risk differs significantly from portfolio credit risk, the Company recognizes expected credit losses on an individual basis. The Company recognizes credit losses separately for notes receivable that are individually significant and have incurred credit impairment since initial recognition.

When there is insufficient evidence to assess expected credit losses at a reasonable cost at the individual instrument level, the Company refers to historical credit loss experience, combines it with current conditions and its assessment of future economic conditions, and classifies notes receivable into several portfolios based on credit risk characteristics to calculate expected credit losses on a portfolio basis. The criteria for determining the portfolio are as follows:

Portfolio name	Criteria for determining the composition	Accrual method
Portfolio of risk-free bank acceptance notes	The acceptor has a high credit rating, has no history of bill defaults, poses an extremely low risk of credit loss, and has a strong ability to meet its contractual cash flow obligations in the short term	Measure provisions for bad debts by referring to historical credit loss experience, taking into account current conditions, and incorporating expectations regarding future economic conditions
Commercial accepted bills	Based on historical data, the Company calculates the aging migration rate and, in conjunction with forward-looking estimates, determines the optimal provision for bad debts on commercial accepted bills. It also classifies credit risk portfolios by referring to the aging of notes receivable	Refer to the accrual method for aging analysis portfolio of accounts receivable

(XIII) Accounts receivable

For details on the Company's methodology for determining expected credit losses on accounts receivable and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

For accounts receivable, where credit risk differs significantly from portfolio credit risk, the Company recognizes expected credit losses on an individual basis. The Company recognizes credit losses separately for accounts receivable that are individually significant and have incurred credit impairment since initial recognition.

When there is insufficient evidence to assess expected credit losses at a reasonable cost at the individual instrument level, the Company refers to historical credit loss experience, combines it with current conditions and its assessment of future economic conditions, and classifies accounts receivable into several portfolios based on credit risk characteristics to calculate expected credit losses on a portfolio basis. The criteria for determining the portfolio are as follows:

Portfolio name	Criteria for determining the composition	Accrual method
The group of related parties within the scope of consolidation	The group of related parties included in the scope of consolidation	Measure expected credit losses by referencing historical credit loss experience, taking into account current conditions, and incorporating projections of future economic conditions
Aging portfolio	Based on historical data, the Company calculates aging migration rates, and in conjunction with forward-looking estimates, determines the optimal provision for bad debts on accounts receivable, classifying credit risk portfolios according to the aging of accounts receivable	Provisions are recognized based on a cross-reference table that matches aging categories with expected credit loss rates over the entire life of the loan

(XIV) Receivables financing

Notes receivable and accounts receivable at fair value through other comprehensive income are presented as receivables financing if their maturity is one year or less (including one year) from the date of initial recognition; those with a maturity of more than one year from the date of initial recognition are presented as other debt investments. For details on the relevant accounting policies, please refer to Note (XI) to these financial statements.

For details on the Company's methodology for determining expected credit losses on receivables financing and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

(XV) Other receivables

For details on the Company's methodology for determining expected credit losses on other receivables and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

For other receivables, where credit risk differs significantly from portfolio credit risk, the Company recognizes expected credit losses on an individual basis. The Company recognizes credit losses separately for other receivables that are individually significant and have incurred credit impairment since initial recognition.

When there is insufficient evidence to assess expected credit losses at a reasonable cost at the individual instrument level, the Company refers to historical credit loss experience, combines it with current conditions and its assessment of future economic conditions, and classifies other receivables into several portfolios based on credit risk characteristics to calculate expected credit losses on a portfolio basis. The criteria for determining the portfolio are as follows:

Portfolio name	Criteria for determining the composition	Accrual method
The group of related parties within the scope of consolidation	The group of related parties included in the scope of consolidation	Measure expected credit losses by referencing historical credit loss experience, taking into account current conditions, and incorporating projections of future economic conditions
Aging portfolio	Based on historical data, the Company calculates the aging migration rate and, in conjunction with forward-looking estimates, determines the optimal provision for bad debts on other receivables. It also classifies credit risk portfolios by referring to the aging of other receivables	Provisions are recognized based on a cross-reference table that matches aging categories with expected credit loss rates over next 12 months or the entire life of the loan

(XVI) Inventories

1. *Inventory categories, method for valuing inventory issued, inventory counting system, and amortization methods for low-value consumables and packaging materials*

(1) Inventory categories

Inventory refers to finished goods or merchandise held by the Company for sale in the course of its ordinary business activities, work-in-progress, and materials and supplies consumed in the production process or in the provision of services. These primarily include inventory, contract fulfillment costs, and low-value consumables.

(2) Method for valuing inventory issued

Inventory is initially measured at cost upon acquisition, including purchase costs, processing costs, and other costs. Inventory is valued using the specific identification method upon issuance.

(3) Inventory counting system

The inventory counting system is a perpetual inventory system.

(4) Amortization methods for low-value consumables and packaging materials

Low-value consumables are amortized using the one-time amortization method.

2. *The criteria for recognizing inventory impairment provisions and the methods for making such provisions*

After conducting a comprehensive inventory count at the end of the period, a provision for inventory impairment is recognized or adjusted based on the lower of cost and net realizable value. For inventory items held for sale, such as finished goods, merchandise, and materials held for sale, the net realizable value is determined, in the ordinary course of business, as the estimated selling price less estimated selling expenses and related taxes. For inventory of materials requiring further processing, the net realizable value is determined, in the ordinary course of business, as the estimated selling price of the finished goods less the estimated costs to be incurred until completion, estimated selling expenses, and related taxes. For inventory held to fulfill a sales contract or service contract, the net realizable value is calculated based on the contract price. If the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated based on the general market price.

At the end of the period, the provision for inventory impairment is recognized for each individual inventory item; however, for inventories consisting of a large number of items with low unit prices, the provision is recognized by inventory category; for inventories that are related to a product line manufactured and sold in the same region, have the same or similar end uses or purposes, and are difficult to measure separately from other items, the provision for inventory impairment is recognized on a combined basis.

If the factors that previously led to the write-down of inventory value no longer exist, the amount of the write-down shall be reversed and reclassified within the previously established inventory impairment provision; the amount of the reversal shall be recognized in profit or loss for the current period.

(XVII) Contract assets

Where the Company has transferred goods to a customer and has the right to receive consideration, and that right depends on factors other than the passage of time, it is recognized as a contract asset. The Company presents as accounts receivable the right to receive consideration from customers, which is unconditional (i.e., contingent only on the passage of time).

For details on the Company's methodology for determining expected credit losses on contract assets and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

(XVIII) Non-current assets held for sale or disposal groups

1. Criteria for recognizing as held for sale

The Company classifies non-current assets or disposal groups that meet all of the following criteria as held-for-sale components:

(1) Based on standard practice in similar transactions involving the sale of such assets or disposal groups, the assets can be sold immediately under the current circumstances;

(2) The sale is highly likely to occur, meaning that the Company has already passed a resolution regarding a proposed sale, has obtained regulatory approval, and has received a firm purchase commitment, and the sale is expected to be completed within one year.

A firm purchase commitment refers to a legally binding purchase agreement entered into by the Company with another party, which includes key terms such as the transaction price, timing, and sufficiently severe penalties for breach, making it highly unlikely that the agreement will be significantly modified or rescinded.

2. Accounting treatment for assets held for sale

The Company does not recognize depreciation or amortization on non-current assets or disposal groups held for sale. If the carrying amount of such assets exceeds their fair value less costs to sell, the carrying amount shall be written down to fair value less costs to sell. The amount of the write-down is recognized as an impairment loss on assets, which is included in profit or loss for the current period, and a provision for impairment of assets held for sale is recognized concurrently.

For non-current assets or disposal groups designated as held for sale, the initial measurement is determined by comparing the initial carrying amount that would have been determined had they not been designated as held for sale with the net amount of fair value less costs to sell, and the amount is measured at the lower of the two.

The above principles apply to all non-current assets, except for investment property measured subsequently using the fair value model, biological assets measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets governed by accounting standards for financial instruments, and rights arising from insurance contracts governed by accounting standards for insurance contracts.

(XIX) Debt investments

For details on the Company's methodology for determining expected credit losses on debt investments and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

(XX) Other debt investments

For details on the Company's methodology for determining expected credit losses on other debt investments and the related accounting treatment, please refer to Note (XI) 6. Impairment of financial instruments.

(XXI) Long-term equity investments

1. Determination of the initial investment cost

(1) Long-term equity investments arising from business combinations

For specific accounting policies, please refer to Note (VII) below regarding the accounting treatment for business combinations under common control and those not under common control.

(2) Long-term equity investments acquired through other means

Long-term equity investments acquired for cash are recognized at the purchase price actually paid as the initial investment cost. The initial investment cost includes expenses, taxes, and other necessary expenditures directly attributable to the acquisition of the long-term equity investment.

Long-term equity investments acquired through the issuance of equity securities are recognized at the fair value of the equity securities issued as the initial investment cost; transaction costs incurred in issuing or acquiring the entity's own equity instruments may be deducted directly from equity as part of the equity transaction.

Provided that a non-monetary asset exchange has commercial substance and the fair value of the assets received or given up can be measured reliably, the initial cost of a long-term equity investment received in a non-monetary asset exchange is determined based on the fair value of the assets given up, unless there is compelling evidence that the fair value of the assets received is more reliable. For non-monetary asset exchanges that do not meet the above criteria, the carrying amount of the asset given up and any related taxes payable shall be recognized as the initial cost of the long-term equity investment received.

The initial cost of a long-term equity investment acquired through a debt-for-equity swap is determined based on fair value.

2. Subsequent measurement and recognition of gains and losses

(1) Cost method

The Company accounts for long-term equity investments in entities over which it exercises control using the cost method, measuring them at initial investment cost and adjusting the cost of such investments to reflect subsequent additions or recoveries.

Except for the declared but undistributed cash dividends or profits included in the purchase price or consideration actually paid upon acquisition, the Company recognizes as investment income for the current period the cash dividends or profits declared for distribution by the investee.

(2) Equity method

The Company accounts for its long-term equity investments in associates and joint ventures using the equity method; however, for certain equity investments in associates that are held indirectly through venture capital firms, mutual funds, trust companies, or similar entities, including unit-linked insurance funds, the Company measures such investments at fair value, with changes in fair value recognized in profit or loss.

If the initial investment cost of a long-term equity investment exceeds the investor's share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the investor's share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognized in profit or loss for the current period.

Upon acquiring a long-term equity investment, the Company recognizes investment income and other comprehensive income in proportion to its share of the investee's net profit or loss and other comprehensive income, and adjusts the carrying amount of the long-term equity investment accordingly; it also reduces the carrying amount of the long-term equity investment by the amount of its share of the profits or cash dividends declared by the investee; for changes in the investee's equity other than net profit or loss, other comprehensive income, and distributions of profits, the carrying amount of the long-term equity investment is adjusted and recognized in equity.

When determining its share of the investee's net profit or loss, the Company recognizes such amount after adjusting the investee's net profit based on the fair value of the investee's identifiable assets and other items at the time of acquisition. Unrealized gains or losses arising from internal transactions between the Company and its associates or joint ventures are offset to the extent attributable to the Company based on its ownership interest, and investment gains or losses are recognized on this basis.

When the Company determines that it should share in the losses incurred by an investee, it handles the matter in the following order: First, it reduces the carrying amount of the long-term equity investment. Second, if the carrying amount of the long-term equity investment is insufficient to offset the loss, the investment loss shall continue to be recognized up to the carrying amount of other long-term equity interests that, in substance, constitute a net investment in the investee, thereby reducing the carrying amount of long-term receivables and other items. Finally, if, after the above adjustments, the Company still bears additional obligations under the terms of the investment contract or agreement, a provision for liabilities should be recognized based on the estimated obligations and included in the investment loss for current period.

If the investee subsequently generates a profit, the Company will, after deducting the unrecognized share of losses, reverse the process described above in reverse order: reduce the carrying amount of the previously recognized provision, restore the carrying amounts of other long-term equity interests and long-term equity investments that in substance constitute the net investment in the investee, and then recognize the investment gain.

3. Change in accounting method for long-term equity investments

(1) Change from fair value measurement to equity method accounting

Where an equity investment originally held by the Company which was accounted for in accordance with the standards for the recognition and measurement of financial instruments and over which the Company did not exercise control, joint control, or significant influence subsequently enables the Company to exert significant influence over or exercise joint control of the investee (without constituting control) due to additional investments or other reasons, the initial investment cost for the subsequent application of the equity method shall be determined as the sum of the fair value of the previously held equity investment, as determined in accordance with the sum of the fair value of the originally held equity investment as determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

The difference between the initial investment cost accounted for under the equity method and the investor's share of the investee's fair value of identifiable net assets as of the date of the additional investment, calculated based on the new ownership percentage following the additional investment, shall be used to adjust the carrying amount of the long-term equity investment and recognized as non-operating income for the current period.

(2) Change from fair value measurement or equity method accounting to cost method accounting

Where an equity investment previously held by the Company which was accounted for in accordance with the Standards on the Recognition and Measurement of Financial Instruments and over which the Company did not exercise control, joint control, or significant influence or a long-term equity investment previously held in an associate or joint venture enables the Company to exercise control over an investee not under common control due to additional investments or other reasons, when preparing separate financial statements, the sum of the carrying amount of the original equity investment and the cost of the additional investment shall be treated as the initial investment cost under the cost method.

Other comprehensive income recognized in respect of an equity investment held prior to the acquisition date under the equity method shall be accounted for upon disposal of the investment on the same basis as that applied to the direct disposal of the investee's related assets or liabilities.

If an equity investment held prior to the acquisition date was accounted for in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the cumulative fair value changes previously recognized in other comprehensive income shall be reclassified to profit or loss for the current period when the investment is subsequently accounted for using the cost method.

(3) Change from equity method accounting to fair value measurement

If the Company loses joint control or significant influence over an investee due to the disposal of a portion of its equity investment or other reasons, the remaining equity interest following the disposal shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. The difference between the fair value and the carrying amount of the equity interest as of the date of loss of joint control or significant influence shall be recognized in profit or loss for the current period.

Other comprehensive income recognized for an original equity investment under the equity method shall be accounted for on the same basis as the investee's direct disposal of the related assets or liabilities when the equity method is discontinued.

(4) Change from the cost method to the equity method

If the Company loses control over an investee due to the disposal of certain equity investments or other reasons, and if the remaining equity interest following the disposal is capable of exercising joint control over or exerting significant influence on the investee, the Company shall switch to accounting under the equity method when preparing separate financial statements, and shall make adjustments to the remaining equity interest as if it had been accounted for using the equity method from the date of acquisition.

(5) Change from cost method to fair value measurement

If the Company loses control over an investee due to the disposal of part of its equity investments or other reasons, and if the remaining equity interest after the disposal cannot exercise joint control over or exert significant influence on the investee when preparing separate financial statements, the Company shall instead account for the transaction in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount as of the date of loss of control shall be recognized in profit or loss for the current period.

4. Disposal of long-term equity investments

When disposing of long-term equity investments, the difference between their carrying amount and the actual proceeds received shall be recognized in profit or loss for the current period. For long-term equity investments accounted for using the equity method, upon disposal of such investments, the portion previously recognized in other comprehensive income is accounted for on a pro rata basis, using the same basis as that applied by the investee to the direct disposal of the related assets or liabilities.

When the terms, conditions, and economic effects of various transactions involving equity investments in subsidiaries meet one or more of the following criteria, the multiple transactions shall be accounted for as a single transaction:

(1) These transactions are entered into simultaneously or with due regard to their mutual impact;

(2) These transactions, taken as a whole, are necessary to achieve a complete business outcome;

(3) The occurrence of a transaction is contingent upon the occurrence of at least one other transaction;

(4) A transaction may not be economically viable when considered in isolation, but it becomes economically viable when considered in conjunction with other transactions.

If the control over a former subsidiary is lost due to the disposal of a portion of the equity investment or other reasons, and the transaction does not constitute a single transaction, the relevant accounting treatment shall be performed separately in the separate financial statements and the consolidated financial statements:

(1) In the separate financial statements, the difference between the carrying amount of the equity interest disposed of and the actual proceeds received is recognized in profit or loss for the current period. If the remaining equity interest after the disposal enables the investor to exercise joint control over or exert significant influence on the investee, the investment shall be accounted for using the equity method, and the remaining equity interest shall be adjusted as if it had been accounted for using the equity method from the date of acquisition. If the remaining equity interest after the disposal does not allow for joint control over or significant influence on the investee, accounting treatment shall be conducted in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount as of the date control is lost shall be recognized in profit or loss for the current period.

(2) In the consolidated financial statements, for transactions occurring prior to the loss of control over a subsidiary, the difference between the disposal proceeds and the subsidiary's share of net assets calculated continuously from the date of acquisition or the date of consolidation shall be recorded in capital reserve (share premium). If capital reserve is insufficient to absorb the difference, the remaining amount shall be recorded in retained earnings. When control over a subsidiary is lost, the remaining equity interest is remeasured at its fair value as of the date control is lost. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, and the share of the net assets of the former subsidiary calculated on a pro rata basis from the date of acquisition, is recognized as investment income in the period in which control is lost and simultaneously written off against goodwill. Other comprehensive income related to equity investments in former subsidiaries is reclassified as investment income for the current period upon loss of control.

If a series of transactions involving the disposal of an equity investment in a subsidiary up to the point of losing control constitutes a single transaction, each transaction shall be accounted for as a single transaction involving the disposal of the equity investment in the subsidiary and the loss of control. The relevant accounting treatment shall be applied separately in the separate financial statements and the consolidated financial statements:

(1) In the separate financial statements, the difference between the proceeds from each disposal prior to the loss of control and the carrying amount of the long-term equity investment corresponding to the disposed equity interest is recognized in other comprehensive income and is transferred to profit or loss in the period in which control is lost.

(2) In the consolidated financial statements, the difference between the proceeds from each disposal prior to the loss of control and the investor's share of the subsidiary's net assets is recognized in other comprehensive income and is transferred to profit or loss in the period in which control is lost.

5. Criteria for determining common control and significant influence

If the Company jointly controls an arrangement with other parties in accordance with relevant agreements, and decisions regarding activities that have a significant impact on the arrangement's returns require the unanimous consent of the parties sharing control, the Company is deemed to jointly control the arrangement with those other parties, and the arrangement is classified as a joint venture arrangement.

If a joint venture arrangement is established through a separate entity, and the Company determines, based on the relevant agreements, that it has rights to the net assets of that separate entity, the separate entity shall be treated as a joint venture and accounted for using the equity method. If, based on the relevant agreements, it is determined that the Company does not hold rights to the net assets of that separate entity, the separate entity is treated as a joint operation, and the Company recognizes items related to its share of the joint operation's profits and accounts for them in accordance with the relevant enterprise accounting standards.

Significant influence refers to a situation where an investor has the power to participate in the decision-making regarding the investee's financial and operating policies, but does not have the ability to control or jointly control the formulation of those policies with other parties. The Company determines that it has significant influence over an investee based on one or more of the following circumstances, after taking into account all relevant facts and circumstances: (1) having representatives on the investee's board of directors or a similar governing body; (2) participating in the formulation of the investee's financial and operating policies; (3) engaging in significant transactions with the investee; (4) assigning management personnel to the investee; or (5) providing key technical information to the investee.

(XXII) Fixed assets

1. Conditions for recognizing fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, leasing, or managing operations, and that have a useful life exceeding one fiscal year. Fixed assets are recognized when all of the following conditions are met:

(1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;

(2) The cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

The Company's fixed assets are initially measured at cost.

(1) The cost of purchased fixed assets includes the purchase price, import duties, and other related taxes and fees, as well as other expenditures directly attributable to the asset that are incurred to bring the fixed asset to its intended usable condition.

(2) The cost of self-constructed fixed assets consists of the necessary expenditures incurred until the asset reaches its intended usable condition.

(3) Fixed assets contributed by investors shall be recorded at the value specified in the investment contract or agreement; however, if the value specified in the contract or agreement is not fair value, they shall be recorded at fair value.

(4) If payment for the purchase of fixed assets is deferred beyond normal credit terms and is, in substance, of a financing nature, the cost of the fixed assets shall be determined based on the present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price, to the extent that it is not capitalized, is recognized in profit or loss for the period during the credit period.

3. *Subsequent measurement and disposal of fixed assets*

(1) Depreciation of fixed assets

Depreciation of fixed assets is calculated over their estimated useful lives based on their entry value less their estimated net residual value. For fixed assets for which an impairment provision has been recognized, depreciation is calculated in future periods based on the carrying amount after deducting the impairment provision and the remaining useful life; fixed assets that have been fully depreciated but are still in use are not subject to depreciation.

The Company determines the useful lives and estimated net residual values of its fixed assets based on their nature and usage. At the end of the fiscal year, the useful lives, estimated net residual values, and depreciation methods of fixed assets are reviewed; if there are any differences from the original estimates, corresponding adjustments are made.

The depreciation methods, useful lives, and annual depreciation rates for various types of fixed assets are as follows:

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Electronic equipment	Straight-line method	5	5	19
Transportation equipment	Straight-line method	5	5	19
Office furniture	Straight-line method	5	5	19

(2) Subsequent expenditures on fixed assets

Subsequent expenditures related to fixed assets that meet the criteria for recognition as fixed assets are included in the cost of the fixed assets; those that do not meet the criteria are recognized in profit or loss for the period in which they occur.

(3) Impairment of fixed assets

For details on the methods used to test fixed assets for impairment and to recognize impairment provision, please refer to Note (XXVII) "Impairment of long-term assets".

(4) Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or when it is no longer expected to generate economic benefits from its use or disposal. Proceeds from the sale, transfer, retirement, or destruction of fixed assets, net of their carrying amounts and related taxes and fees, are recognized in profit or loss for the current period.

(XXIII) Construction in progress

Construction in progress undertaken by the Company is measured at actual cost. Actual cost consists of necessary expenditures incurred to bring the asset to its intended usable condition, including material costs, labor costs, relevant taxes and fees paid, borrowing costs to be capitalized, and allocable indirect costs.

For construction in progress, the carrying amount of the fixed asset is determined by the total expenditures incurred until the asset is brought to its intended usable condition. For construction in progress that has reached its intended usable condition but for which final settlement has not yet been completed, the project shall be transferred to fixed assets at its estimated value based on the project budget, estimated cost, or actual cost, effective from the date it reaches its intended usable condition. Depreciation shall be accrued in accordance with the Company's fixed asset depreciation policy. Upon completion of the final settlement, the original estimated value shall be adjusted to reflect the actual cost; however, the depreciation already accrued shall not be adjusted.

For details on the impairment testing methods and the recognition of impairment provisions for construction in progress, please refer to Note (XXVII) "Impairment of long-term assets".

(XXIV) Borrowing costs

1. *Recognition principles for the capitalization of borrowing costs*

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of assets that meet the criteria for capitalization shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses in the amount incurred and included in profit or loss for the current period.

Assets that meet the criteria for capitalization refer to fixed assets, investment property, inventory, and other assets that require a significant period of time to acquire or produce before they are ready for their intended use or sale.

Borrowing costs are capitalized when all of the following conditions are met:

(1) Asset expenditures have been incurred; such expenditures include payments made in the form of cash, transfers of non-cash assets, or the assumption of interest-bearing debt for the purpose of acquiring or constructing assets that meet the criteria for capitalization;

(2) Borrowing costs have already been incurred;

(3) The construction or production activities necessary to bring the asset to its intended usable or saleable condition have already begun.

2. *Capitalization period of borrowing costs*

The capitalization period refers to the period from the date borrowing costs begin to be capitalized to the date they cease to be capitalized, excluding any periods during which the capitalization of borrowing costs is suspended.

Borrowing costs cease to be capitalized when the construction or production of an asset that meets the criteria for capitalization reaches a stage where it is ready for its intended use or sale.

When certain components of an asset that meets the criteria for capitalization are completed separately and can be used independently, the capitalization of borrowing costs for those components ceases.

When the various components of an asset under construction or production are completed individually, but the asset cannot be used or sold until the entire asset is completed, the capitalization of borrowing costs ceases upon the completion of the entire asset.

3. Period for suspension of capitalization

If the construction or production of an asset that meets the criteria for capitalization is interrupted for an extended period, specifically, for a continuous period exceeding three months, the capitalization of borrowing costs shall be suspended; however, if such interruption is a necessary step in bringing the asset under construction or production to a condition ready for its intended use or sale, the capitalization of borrowing costs shall continue. Borrowing costs incurred during the interruption are recognized in profit or loss for the period until borrowing costs are capitalized again upon the resumption of the asset's construction or production activities.

4. Method for calculating the capitalization amount of borrowing costs

Interest expenses on borrowings specifically incurred for the project (net of interest income earned on undrawn loan proceeds deposited in a bank or investment income earned from temporary investments) and related costs shall be capitalized until the assets being acquired, constructed, or produced that meet the criteria for capitalization reach their intended state of readiness for use or sale.

The amount of interest on general-purpose loans to be capitalized is calculated by multiplying the weighted average of asset expenditures that exceed the amount of special-purpose loans with the capitalization rate applicable to the portion of general-purpose loans used. The capitalization rate is determined based on the weighted average interest rate of general loans.

If a loan carries a discount or premium, the amount of the discount or premium to be amortized in each accounting period is determined using the effective interest method, and the interest expense for each period is adjusted accordingly.

(XXV) Right-of-use assets

The Company initially measures right-of-use assets at cost, which includes:

1. The initial measurement amount of lease liabilities;

2. For lease payments made on or before the lease commencement date, if a lease incentive applies, deduct the amount related to the lease incentive already received;

3. Initial direct costs incurred by the Company;

4. The estimated costs that will be incurred by the Company to dismantle and remove leased assets, restore the site where the leased assets are located, or return the leased assets to the condition specified in the lease terms (excluding costs incurred to produce inventory).

After the commencement date of the lease, the Company uses the cost model to measure the right-of-use asset.

If it can be reasonably determined that the Company will obtain ownership of the leased asset at the end of the lease term, the Company recognizes depreciation over the remaining useful life of the leased asset. If it cannot be reasonably determined that the Company will obtain ownership of the leased asset at the end of the lease term, the Company recognizes depreciation over the shorter of the lease term or the remaining useful life of the leased asset. For right-of-use assets for which an impairment provision has been recognized, depreciation is calculated in future periods based on the carrying amount after deducting the impairment provision, in accordance with the principles outlined above.

The Company determines whether right-of-use assets have been impaired in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 – Impairment of Assets, and accounts for any identified impairment losses. For further details, please refer to Note (XXVII) “Impairment of long-term assets”.

(XXVI) Intangible assets and development expenses

Intangible assets refer to the identifiable non-monetary assets owned or controlled by the Company that lack physical form, including software and the like.

1. Initial measurement of intangible assets

The cost of the purchased intangible assets includes the purchase price, related taxes and fees, and other expenses directly attributable to bringing the asset to its intended use. If payment for the purchase of intangible assets is deferred beyond normal credit terms and is, in substance, of a financing nature, the cost of the intangible assets shall be determined based on the present value of the purchase price.

When intangible assets are received from a debtor in lieu of debt as part of a debt restructuring, their carrying amount is determined based on the fair value of such intangible assets, and the difference between the carrying amount of the restructured debt and the fair value of the intangible assets received in lieu of debt is recognized in profit or loss for the current period.

Provided that a non-monetary asset exchange has commercial substance and the fair value of the asset received or the asset given up can be measured reliably, the carrying amount of an intangible asset received in a non-monetary asset exchange is determined based on the fair value of the asset given up, unless there is compelling evidence that the fair value of the asset received is more reliable. For non-monetary asset exchanges that do not meet the above criteria, the cost of the intangible asset received is determined based on the carrying amount of the asset given up and any related taxes payable; no gain or loss is recognized.

The carrying amount of intangible assets acquired through a merger under common control is determined based on the carrying amount of the acquiree; the carrying amount of intangible assets acquired through a merger not under common control is determined based on fair value.

The cost of internally developed intangible assets includes: materials consumed during the development of the intangible asset, labor costs, registration fees, amortization of other patents and licenses used during the development process, interest expenses that meet the criteria for capitalization, and other direct costs incurred to bring the intangible asset to its intended use.

2. Subsequent measurement of intangible assets

When acquiring intangible assets, the Company analyzes and determines their useful lives, classifying them into intangible assets with finite useful lives and those with indefinite useful lives.

(1) Intangible assets with a finite useful life

Intangible assets with a finite useful life are amortized on a straight-line basis over the period during which they are expected to generate economic benefits for the Company. The estimated useful lives of intangible assets with finite useful lives and the basis for those estimates are as follows:

Item	Estimated useful life	Basis
Software	5	Estimated service life

At the end of the period, the useful lives and amortization methods of intangible assets with finite useful lives are reviewed and adjusted as necessary.

(2) Intangible assets with infinite useful life

The Company has no intangible assets with infinite useful life.

3. Specific criteria for distinguishing between the research phases and development phases of internal R&D projects

Research phase: The stage involving original, systematic investigative and research activities conducted to acquire and understand new scientific or technical knowledge.

Development phase: The stage during which research findings or other knowledge are applied to a project or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

Expenses incurred during the research phase of internal research and development projects are recognized in profit or loss in the period in which they are incurred.

4. *Specific criteria for the capitalization of development-phase expenditures*

Expenditures incurred during the development phase of an internal research and development project are recognized as intangible assets when all of the following conditions are met:

(1) It is technically feasible to complete the intangible asset so that it is ready for use or sale;

(2) The Company has the intention to complete the intangible asset and to use or sell it;

(3) The manner in which the intangible asset generates economic benefits, including evidence that there is a market for products produced using the intangible asset or for the intangible asset itself; if the intangible asset is to be used internally, evidence of its usefulness;

(4) There are sufficient technical, financial, and other resources to complete the development of the intangible asset, and the Company has the ability to use or sell the intangible asset;

(5) The expenditures attributable to the development phase of the intangible asset can be measured reliably.

Development-phase expenditures that do not meet the above criteria are recognized in profit or loss in the period in which they are incurred. If it is not possible to distinguish between expenses incurred during the research phase and those incurred during the development phase, all R&D expenses incurred shall be recognized in profit or loss for the current period. The cost of an intangible asset arising from internal development activities includes only the total expenditures incurred from the point at which the capitalization criteria are met until the intangible asset is ready for its intended use. Expenditures related to the same intangible asset that were expensed in profit or loss prior to the point at which the capitalization criteria were met are not adjusted.

(XXVII) Impairment of long-term assets

At each balance sheet date, the Company assesses its long-term equity investments, fixed assets, construction in progress, and intangible assets with defined useful lives for any indications of impairment. If there are indications of impairment of a long-lived asset, its recoverable amount is estimated on an individual asset basis; if it is not practicable to estimate the recoverable amount of an individual asset, the recoverable amount is determined based on the asset group to which the asset belongs.

The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and the present value of the asset's estimated future cash flows.

If the recoverable amount calculation indicates that the recoverable amount of a non-current asset is lower than its carrying amount, the carrying amount of the non-current asset is written down to its recoverable amount. The amount of the write-down is recognized as an impairment loss, which is included in profit or loss for the current period, and a corresponding impairment provision is established. Once an impairment loss on an asset is recognized, it may not be reversed in subsequent accounting periods.

After an impairment loss is recognized, the depreciation or amortization expense for the impaired asset is adjusted in future periods so that the adjusted carrying amount of the asset (net of its estimated residual value) is allocated systematically over the remaining useful life of the asset.

Goodwill arising from business combinations and intangible assets with indefinite useful lives are tested for impairment annually, regardless of whether there are indications of impairment.

When performing an impairment test on goodwill, the carrying amount of goodwill is allocated to the asset group or portfolio of asset groups expected to benefit from the synergies arising from the business combination. When testing for impairment of an asset group or a portfolio of asset groups that includes goodwill, if there are indications of impairment for the asset group or portfolio of asset groups related to the goodwill, the asset group or portfolio of asset groups excluding the goodwill should be tested for impairment first. The recoverable amount should be calculated and compared with the relevant carrying amount to recognize the corresponding impairment loss. Next, perform an impairment test on the asset group or portfolio of asset groups containing goodwill by comparing the carrying amount of those asset groups or portfolios (including the portion of the carrying amount attributable to allocated goodwill) with their recoverable amount. If the recoverable amount of the relevant asset group or portfolio of asset groups is lower than its carrying amount, recognize an impairment loss on goodwill.

(XXVIII) Long-term deferred expenses

1. *Amortization method*

Long-term deferred expenses refer to various expenses incurred by the Company that are to be allocated over a period of one year or more and are to be charged to the current and future periods. Long-term deferred expenses are amortized on a straight-line basis over the benefit period.

2. *Amortization period*

Category	Amortization period	Note
Decoration cost of houses	3	Estimated benefit period
Code number resources	3-5	Term of the right of use

(XXIX) Contract liabilities

The Company recognizes a portion of its obligation to transfer goods to customers in exchange for consideration received or receivable as a contract liability.

(XXX) Staff remuneration

Staff remuneration refers to the various forms of remuneration or compensation provided by the Company in exchange for the services rendered by employees or upon termination of their employment. Staff remuneration includes short-term remuneration, post-employment benefits, dismissal benefits, and other long-term employee benefits.

1. *Short-term remuneration*

Short-term remuneration refers to the staff remuneration that the Company is required to pay in full within twelve months following the end of the annual reporting period in which the employees rendered the related services, excluding post-employment benefits and dismissal benefits. The Company recognizes the short-term remuneration payable as a liability during the accounting period in which the employees render their services, and include it into the cost of the relevant assets and expenses based on the beneficiaries of the services rendered by the employees.

2. *Post-employment benefits*

Post-employment benefits refer to various forms of compensation and benefits provided by the Company to employees after their retirement or termination of employment, in recognition of the services they have rendered, excluding short-term remuneration and dismissal benefits.

The Company's post-employment benefit plans are classified as defined contribution plans and defined benefit plans.

Defined contribution plans under post-employment benefits primarily involve participation in basic social pension insurance, unemployment insurance, and other programs organized and administered by local labor and social security agencies. For the accounting period during which an employee renders services to the Company, the amount payable calculated in accordance with the defined contribution plan is recognized as a liability and included in the profit or loss for the current period or the cost of the relevant asset.

Once the Company has made the aforementioned payments in accordance with national standards, it shall have no further payment obligations.

3. Dismissal benefits

Dismissal benefits refer to compensation provided by the Company to employees when the Company terminates the employment relationship prior to the expiration of the employee's employment contract, or when the Company encourages employees to voluntarily accept layoffs. The Company recognizes a liability for compensation arising from the termination of the employment relationship with an employee, and records it in profit or loss for the current period, on the earlier of the date the Company cannot unilaterally withdraw the plan to terminate the employment relationship or the layoff proposal, and the date the costs associated with the restructuring involving the payment of dismissal benefits are recognized.

(XXXI) Accrued liabilities

1. *Criteria for recognizing accrued liabilities*

A provision is recognized when an obligation arising from a contingent event, such as a product warranty or a loss on a contract, constitutes a present obligation of the Company, it is probable that an outflow of economic benefits will result from the settlement of the obligation, and the amount of the obligation can be reliably measured.

2. *Methods for measuring accrued liabilities*

The Company initially measures accrued liabilities based on the best estimate of the expenditures required to settle the related present obligations.

In determining the best estimates, the Company takes into account factors such as the risks and uncertainties associated with contingent liabilities, as well as the time value of money. For items significantly affected by the time value of money, the best estimates are determined by discounting the related future cash outflows.

Best estimates are handled as follows:

If the required expenditure falls within a continuous range (or interval) and the probability of each outcome within that range is equal, the best estimate is determined as the midpoint of that range, i.e., the average of the upper and lower limits.

If there is no continuous range (or interval) for the expected expenditure, or if, although a continuous range exists, the probabilities of various outcomes within that range are not equal, for example, when a contingent liability relates to a single item, the best estimate is determined based on the most likely amount; if a contingent liability relates to multiple items, the best estimate is determined by calculating the various possible outcomes and their associated probabilities.

If the Company expects to be reimbursed by a third party for all or part of the expenditure required to settle a provision, the reimbursement amount is recognized as a separate asset when it is virtually certain that it will be received, provided that the recognized amount does not exceed the carrying amount of the provision.

(XXXII) Lease liabilities

The Company initially measures lease liabilities at the present value of the lease payments not yet due as of the commencement date of the lease. When calculating the present value of lease payments, the Company uses the implicit interest rate of the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the Company uses its incremental borrowing rate as the discount rate. Lease payments include:

1. Fixed payments and effective fixed payments, net of lease incentives;

2. Variable lease payments based on an index or ratio;

3. Where the Company reasonably determines that it will exercise the option, the lease payments include the exercise price of the purchase option;

4. If the lease term indicates that the Company will exercise the option to terminate the lease, the lease payments include the amount payable upon exercise of the option to terminate the lease;

5. The estimated amount payable based on the residual value of the guarantee provided by the Company.

The Company calculates the interest expense on lease liabilities for each period of the lease term using a fixed discount rate and recognizes it in profit or loss for the current period or as part of the cost of the related asset.

Variable lease payments that are not recognized as lease liabilities shall be included in profit or loss for the current period or the cost of the related asset when they are incurred.

(XXXIII) Share-based payments

1. *Type of share-based payments*

The Company's share-based payments are classified into equity-settled share-based payments and cash-settled share-based payments.

2. *Methods for determining the fair value of equity instruments*

For equity instruments such as options granted in active markets, their fair value is determined based on quoted prices in those active markets. For equity instruments such as options granted for which no active market exists, fair value is determined using option pricing models. When selecting the option pricing models, the following factors are taken into account: (1) the option's strike price; (2) the option's term; (3) the current price of the underlying shares; (4) the expected volatility of the share price; (5) the expected dividends on the shares; and (6) the risk-free interest rate during the option's term.

When determining the fair value of equity instruments on the grant date, the effects of market-based and non-market-based vesting conditions specified in the share-based payment agreement are taken into account. If an equity-based payment includes non-market vesting conditions, the cost of the services is recognized as an expense once the employee or other party has satisfied all non-market vesting conditions (such as length of service).

3. *Basis for determining the best estimate of the value of exercisable equity instruments*

At each balance sheet date during the waiting period, the estimated number of exercisable equity instruments is adjusted based on the best estimate derived from subsequent information, such as changes in the number of employees eligible for exercise. On the exercise date, the number of equity instruments ultimately expected to be exercised is consistent with the actual number exercised.

4. Accounting treatment methods

(1) *Accounting treatment for equity-settled and cash-settled share-based payments*

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the options are exercisable immediately upon grant, they are recognized in the relevant costs or expenses at the fair value of the equity instruments on the grant date, with a corresponding increase in capital reserve. If the options are exercisable only upon completion of service during the waiting period or upon meeting specified performance conditions, the service received during the waiting period shall be recognized in the relevant cost or expense and capital reserve at each balance sheet date during the waiting period, based on the best estimate of the number of equity instruments that will become exercisable, using the fair value of the equity instruments at the grant date. No further adjustments are made to the recognized related costs or expenses or to total equity after the date when the options are exercisable.

Share-based payments settled in cash are measured at the fair value of the liability incurred by the Company, which is determined based on the shares or other equity instruments. If the options are exercisable immediately upon grant, they are recognized in the related costs or expenses on the grant date at the fair value of the liability assumed by the Company, and the liability is increased correspondingly. For cash-settled share-based payments that become exercisable only after the completion of service during the waiting period or the achievement of specified performance conditions, the Company recognizes the services received during the period as cost or expense and records a corresponding liability at the fair value of the liability incurred, based on the best estimate of the likelihood of exercise, at each balance sheet date during the waiting period. The fair value of the liability is remeasured at each balance sheet date prior to the settlement of the related liability, as well as on the settlement date, and any changes are recognized in profit or loss for the period.

(2) *Accounting treatment for modifications to the terms and conditions of share-based payments*

In the event of an unfavorable amendment, the Company will treat the amendment as if it had never occurred and will continue to account for the services received.

With respect to favorable amendments, the Company handles them in accordance with the following provisions: If an amendment increases the fair value of the equity instruments granted, the entity shall recognize the increase in services obtained in accordance with the increase in the fair value of equity instruments. If the modification occurs during the waiting period, the fair value of services obtained between the date of the modification and the date on which the options are exercisable following the modification shall include both the amount of services determined based on the fair value of the equity instrument at the grant date for the remaining portion of the original waiting period and the increase in the fair value of the equity instrument. If the modification occurs after the date on which the options are exercisable, the increase in the fair value of the equity instrument shall be recognized immediately. If a share-based payment agreement requires employees to complete a longer period of service before they can obtain the modified equity instruments, the entity shall recognize the increase in the fair value of the equity instruments over the entire waiting period.

If the modification increases the number of equity instruments granted, the entity recognizes the fair value of the additional equity instruments as an increase in the services received. If the modification occurs during the waiting period, the fair value of services received between the date of the modification and the date on which the additional equity instruments become exercisable shall include both the amount of services determined based on the fair value of the original equity instruments at the grant date for the remaining waiting period and the increase in the fair value of the equity instruments.

If an entity modifies the exercise conditions in a manner that benefits employees, such as shortening the waiting period or changing or eliminating performance-based conditions (rather than market-based conditions), the entity shall take the modified exercise conditions into account when accounting for the plan.

(3) Accounting treatment for the cancellation of share-based payments

If the equity instruments granted are canceled during the waiting period, the Company treats the cancellation as an accelerated exercise of the equity instruments granted, immediately recognizing the amount that would have been recognized over the remaining waiting period in the profit or loss for the current period, while simultaneously recognizing a capital reserve. If an employee or other party can choose to satisfy the exercise condition but fails to do so within the waiting period, the Company will treat this as a cancellation of the equity instruments granted.

(XXXIV) Preferred shares, perpetual bonds, and other financial instruments

In accordance with the provisions of the Financial Instruments Standard, the Company classifies a financial instrument or its components as a financial liability or an equity instrument upon initial recognition based on the contractual terms of the financial instruments issued (such as preferred shares and perpetual bonds) and the economic substance they reflect rather than merely on their legal form, in conjunction with the definitions of financial liabilities and equity instruments:

1. A financial instrument to be issued shall be classified as a financial liability if it meets any of the following criteria:

(1) A contractual obligation to deliver cash or other financial assets to another party;

(2) A contractual obligation to exchange financial assets or financial liabilities with another party under potentially unfavorable conditions;

(3) Non-derivative contracts that are required or permitted to be settled in the entity's own equity instruments, and under which the entity will deliver a variable number of its own equity instruments;

(4) Derivative contracts that are to be settled, or may be settled, in the entity's own equity instruments, except for derivative contracts that exchange a fixed number of the entity's own equity instruments for a fixed amount of cash or other financial assets.

2. A financial instrument to be issued shall be classified as an equity instrument if it meets all of the following conditions:

(1) The financial instrument does not include a contractual obligation to deliver cash or another financial asset to another party, or to exchange financial assets or financial liabilities with another party under adverse conditions;

(2) If the financial instrument is to be settled in the entity's own equity instruments in the future, and the instrument is a non-derivative, this does not include a contractual obligation to settle by delivering a variable number of the entity's own equity instruments; if the instrument is a derivative, the entity may settle the financial instrument only by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.

3. Accounting treatment methods

For financial instruments classified as equity instruments, interest expenses or dividend distributions should be treated as distributions of profits by the issuing entity; repurchases, cancellations, and similar transactions should be treated as changes in equity; and transaction costs such as fees and commissions should be deducted from equity;

For financial instruments classified as financial liabilities, interest expenses or dividend distributions are generally treated as borrowing costs; gains or losses arising from repurchases or redemptions are recognized in profit or loss for the current period; and transaction costs such as fees and commissions are included in the initial measurement amount of the instrument issued.

(XXXV) Revenue

The Company's revenue is primarily derived from the following business segments:

Cloud-based communication platform, cloud contact center services, cloud video conferencing solutions, call center operations services, and other business offerings. The Company provides services through SaaS and PaaS offerings, BPO outsourcing services, and other business operations.

1. General principles of revenue recognition

The Company recognizes revenue based on the portion of the transaction price allocated to the performance obligation once it has satisfied its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods or services. A performance obligation refers to a promise in a contract by the Company to transfer to the customer goods or services that can be clearly distinguished. Gaining control over a product means being able to direct its use and derive virtually all of the economic benefits from it.

The Company assesses the contract on the contract commencement date, identifies the individual performance obligations contained in the contract, and determines whether each individual performance obligation is to be satisfied over a period of time or at a point in time. If any of the following conditions are met, the obligation is classified as a performance obligation to be satisfied over a period of time, and the Company recognizes revenue over time based on the stage of completion: (1) The customer obtains and consumes the economic benefits arising from the Company's performance as the Company performs; (2) The customer has control over the goods in the process of construction during the Company's performance; (3) The goods produced during the Company's performance have a non-substitutable use, and the Company has the right to receive payment for the portion of the contract completed to date throughout the entire contract period. Otherwise, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services.

For performance obligations fulfilled over a period of time, the Company determines the appropriate percentage of completion using the percentage-of-completion method, based on the nature of the goods and services. The output method means to determine the percentage of completion based on the value of the goods transferred to the customer. When the stage of completion cannot be reasonably determined, but it is expected that costs already incurred will be reimbursed, the Company recognizes revenue based on the amount of costs already incurred until the stage of completion can be reasonably determined.

2. Specific methods for revenue recognition

The specific principles and methods used by the Company for revenue recognition and cost allocation:

(1) SaaS and PaaS businesses:

For SaaS and PaaS businesses (excluding equity-based operations), the Company's billing system aggregates and compiles data on customers' monthly service usage, including data traffic, SMS volume, and call duration, at 24:00 on the last day of each month. Based on the billing rates specified in the signed service contracts, the Company calculates the charges, obtains customer confirmation, and then recognizes revenue for the total amount and carries forward the related costs.

For digital rights and membership benefits services, the Company's billing system aggregates and summarizes customers' monthly service usage such as orders at 24:00 on the last day of each month. Based on the billing rates specified in the signed service contracts, the Company calculates the amounts after customer confirmation, recognizes revenue using the net method, and carries forward the related costs.

(2) BPO outsourcing services and other business operations:

After the Company provides services in accordance with the agreement, revenue is recognized upon the customer's confirmation, and the related costs are carried forward at the same time.

(3) Software development and sales businesses:

If the contract explicitly specifies the deliverables, revenue is recognized based on the settlement statement resulting from the acceptance or final evaluation; if the contract explicitly specifies the service period, revenue is recognized in installments over the contractually agreed service period.

(4) IoT application solutions:

The Company's IoT application solutions include two business models: first, a service-based model, where revenue is recognized in installments over the service period; and second, a hardware-based model, which primarily involves the sale of IoT hardware, with revenue recognized upon the customer's receipt of the goods.

(XXXVI) Contract costs

1. *Contract fulfillment costs*

The Company recognizes as an asset the costs incurred in fulfilling a contract that fall outside the scope of accounting standards other than revenue standards and simultaneously meet the following conditions:

(1) The cost is directly attributable to a contract currently in progress or expected to be awarded, including direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly charged to the customer, and other costs incurred solely for the purpose of that contract;

(2) The cost increases the resources the entity will use in the future to satisfy its performance obligations;

(3) It is expected that the cost will be recovered.

The asset is classified as inventory or another non-current asset depending on whether its amortization period at initial recognition exceeds one normal operating cycle.

2. *Contract acquisition cost*

If the incremental costs incurred by the Company to secure a contract are expected to be recovered, they are recognized as an asset representing the cost of acquiring the contract. Incremental costs refer to costs that would not have been incurred had the Company not secured the contract, such as sales commissions. For items with an amortization period of one year or less, they are recognized in profit or loss in the period in which they occur.

3. *Amortization of contract costs*

The assets related to contract costs described above are amortized and recognized in profit or loss for the current period on the same basis as the revenue from the related goods or services, either at the time the performance obligation is satisfied or in proportion to the progress made in satisfying the performance obligation.

4. Impairment of contract costs

For the aforementioned assets related to contract costs, if the carrying amount exceeds the difference between the residual consideration expected to be received from the transfer of the goods related to the asset and the estimated costs to be incurred in transferring those goods, an impairment provision shall be recognized for the excess amount and recorded as an impairment loss.

After an impairment loss has been recognized, if the factors that led to the impairment in a prior period change such that difference between the two items mentioned above exceeds the asset's carrying amount, the previously recognized impairment loss shall be reversed and recognized in profit or loss for the current period; however, the asset's carrying amount after the reversal shall not exceed the carrying amount that would have been determined as of the reversal date had no impairment loss been recognized.

(XXXVII) Government grants

1. Type

Government grants are monetary and non-monetary assets received by the Company from the government without consideration. Government grants are classified into asset-related grants and income-related grants.

In accordance with the eligible recipients specified in relevant government documents, government grants are classified into asset-related grants and income-related grants. The Company classifies government grants received for the acquisition or construction of long-term assets, or for the formation of long-term assets in any other manner, as asset-related grants; all other government grants are classified as income-related grants. If government documents do not explicitly specify the recipients of the grants, the grants shall be allocated between income-related government grants and asset-related government grants as follows: (1) If the government document specifies a particular project for which the grant is intended, the allocation shall be based on the relative proportion of expenditures within the budget for that specific project that will result in assets versus those that will be expensed. This allocation ratio shall be reviewed at each balance sheet date and adjusted as necessary; (2) If the government document provides only a general description of the purpose and does not specify a particular project, the grant shall be treated as an income-related government grant.

2. Recognition of government grants

If, at the end of the period, there is evidence that the Company meets the relevant criteria set forth in the financial support policy and is expected to receive the financial support funds, the government grant is recognized based on the amount receivable. Apart from this, government grants are recognized upon actual receipt.

Government grants that are monetary assets are measured at the amount received or receivable. Government grants that are non-monetary assets are measured at fair value; if fair value cannot be reliably determined, they are measured at their nominal amount (RMB1). Government grants measured at their nominal amounts are recognized directly in profit or loss for the current period.

3. Accounting treatment methods

The Company determines whether to account for a particular type of government grant using the gross method or the net method based on the substance of the economic transaction. Generally, the Company selects only one method for similar or comparable government grant projects and consistently applies that method to such projects.

Government grants related to assets should be used to reduce the carrying amount of the relevant assets or recognized as deferred income. Government grants related to assets that are recognized as deferred revenue shall be recognized in profit or loss on a systematic basis over the useful life of the asset constructed or purchased.

Government grants related to income that are intended to compensate the entity for future expenses or losses are recognized as deferred income and are included in profit or loss or offset against related costs in the period in which the related expenses or losses are recognized; those intended to compensate the entity for expenses or losses already incurred are recognized directly in profit or loss or offset against related costs upon receipt.

Government grants related to the entity's ordinary activities are recognized as other income or offset against the related costs and expenses; government grants not related to the entity's ordinary activities are recognized as non-operating income or expenses.

When a government grant is received to offset interest expenses related to a policy-based preferential loan, and a policy-based preferential loan is obtained from a lending bank, the loan should be recorded at the amount actually received, and the related interest expenses should be calculated based on the principal amount of the loan and the applicable policy-based preferential interest rate.

When a previously recognized government grant is required to be repaid, if the grant was used to reduce the carrying amount of a related asset at the time of initial recognition, the carrying amount of the asset shall be adjusted; if there is a balance of related deferred income, the carrying amount of the deferred income shall be reduced, and any excess shall be recognized in profit or loss for the current period; if there is no related deferred income, the amount shall be recognized directly in profit or loss for the current period.

(XXXVIII) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized based on the differences between the tax bases of assets and liabilities and their carrying amounts (temporary differences). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured using the tax rates expected to apply in the period in which the asset is recovered or the liability is settled.

1. Basis for recognizing deferred tax assets

The Company recognizes deferred tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which such deductible temporary differences, tax loss carryforwards, and tax credits can be utilized. However, deferred tax assets arising from the initial recognition of an asset or liability in a transaction that meets both of the following criteria shall not be recognized: (1) the transaction is not a business combination; and (2) at the time of the transaction, it affects neither accounting profit nor taxable income or tax loss carryforwards.

For deductible temporary differences related to investments in associates, a deferred tax asset is recognized if both of the following conditions are met: the temporary difference is highly likely to reverse in the foreseeable future, and it is highly likely that taxable income will be available in the future against which the deductible temporary difference can be offset.

2. Basis for recognizing deferred tax liabilities

The Company recognizes current and prior-period taxable temporary differences as deferred tax liabilities, excluding:

(1) Temporary differences arising from the initial recognition of goodwill;

(2) Temporary differences arising from transactions or events that do not result from a business combination and that, at the time of the transaction or event, affect neither accounting profit nor taxable income (or tax-deductible losses);

(3) With respect to taxable temporary differences arising from investments in subsidiaries and associates, the timing of the reversal of such temporary differences is controlled, and it is highly probable that such temporary differences will not reverse in the foreseeable future.

3. Deferred tax assets and deferred tax liabilities are presented at their net amount after offsetting when all of the following conditions are met

(1) The entity has a legally enforceable right to offset current income tax assets against current income tax liabilities;

(2) The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxpayer or on different taxpayers, but in each future period in which a material deferred tax asset or deferred tax liability is reversed, the relevant taxpayer intends to settle current tax assets and current tax liabilities on a net basis or to acquire assets and settle liabilities simultaneously.

(XXXIX) Leases

On the contract commencement date, the Company assesses whether the contract is a lease or contains a lease. If one party to a contract transfers the right to control the use of one or more identifiable assets for a specified period in exchange for consideration, the contract is a lease or contains a lease.

1. Splitting of lease contracts

When a contract includes multiple separate leases, the Company will split the contract and account for each separate lease individually.

When a contract contains both lease and non-lease components, the Company will separate the lease and non-lease components; the lease component will be accounted for in accordance with lease accounting standards, while the non-lease component will be accounted for in accordance with other applicable enterprise accounting standards.

2. Consolidation of lease agreements

When two or more contracts involving leases entered into by the Company with the same counterparty or its affiliates at the same time or around the same time meet any of the following conditions, they shall be treated as a single contract for accounting purposes:

(1) The two or more contracts were entered into for a common commercial purpose and constitute a single transaction; their common commercial purpose cannot be understood unless they are considered as a whole.

(2) The consideration for one of the two or more contracts depends on the pricing or performance of the other contracts.

(3) The rights to use the assets transferred under those two or more contracts, when taken together, constitute a single lease.

3. Accounting treatment for the Company as the Lessee

As of the lease commencement date, except for short-term leases and leases of low-value assets that qualify for simplified accounting treatment, the Company recognizes right-of-use assets and lease liabilities.

(1) Short-term leases and leases of low-value assets

A short-term lease of the Company is a lease that does not include a purchase option and the lease term does not exceed 12 months. Leases of low value assets refer to leases with a lower value when the individual leased asset is a brand new asset.

(2) For details on the accounting policies for right-of-use assets and lease liabilities, please refer to Notes (XXV) and (XXXII).

4. Accounting treatment for the Company as the Lessor

(1) Classification of leases

The Company classifies leases as finance leases or operating leases on the lease commencement date. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset, whether or not ownership ultimately transfers. An operating lease refers to any lease other than a finance lease.

The Company generally classifies a lease as a finance lease if one or more of the following conditions apply:

1) At the end of the lease term, ownership of the leased asset is transferred to the lessee.

2) The lessee has an option to purchase the leased asset, and the purchase price is sufficiently lower than the fair value of the leased asset at the time the option is expected to be exercised, such that it can be reasonably determined at the lease commencement date that the lessee will exercise the option.

3) Although ownership of the asset is not transferred, the lease term covers a significant portion of the asset's useful life.

4) At the commencement date of the lease, the present value of the lease payments is substantially equal to the fair value of the leased asset.

5) The leased asset is of a specialized nature; without significant modifications, it can only be used by the lessee.

The Company may also classify a lease as a finance lease if it exhibits one or more of the following indicators:

1) If the lessee rescinds the lease, the lessee shall be liable for any losses incurred by the lessor as a result of such rescission.

2) Gains or losses arising from fluctuations in the fair value of the residual value of the asset are attributed to the lessee.

3) The lessee is able to continue the lease into the next term at a rent significantly below market rates.

(2) Accounting treatment for finance leases

On the lease commencement date, the Company recognizes a receivable from finance leases and derecognizes the finance lease asset.

Upon initial recognition, the carrying amount of finance lease receivables is determined as the sum of the unsecured residual value and the present value of lease payments not yet received as of the lease commencement date, discounted at the implicit rate of the lease. Lease receivables include:

1) Fixed payments and effective fixed payments, net of lease incentives;

2) Variable lease payments based on an index or ratio;

3) Where it is reasonable to conclude that the lessee will exercise the purchase option, the lease receivables include the exercise price of the purchase option;

4) If the lease term reflects the lessee's intention to exercise the option to terminate the lease, the lease receivables shall include the amount the lessee is required to pay upon exercising such option;

5) The remaining value of the security provided to the lessor by the lessee, a party related to the lessee, or an independent third party with the financial capacity to fulfill the security obligations.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed implicit interest rate; variable lease payments that are not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred.

(3) Accounting treatment for operating leases

The Company recognizes lease receivables from operating leases as rental income on a straight-line basis or using another systematic and reasonable method over the lease term; initial direct costs incurred in connection with operating leases are capitalized and amortized over the lease term on the same basis as the recognition of rental income, and are recognized in profit or loss for the current period; variable lease payments received in connection with operating leases that are not included in the lease receivables are recognized in profit or loss in the period in which they are incurred.

(XL) Discontinued operation

The Company recognizes a component as a discontinued operation if it meets any of the following conditions and the component has been disposed of or classified as held for sale:

(1) The component represents a distinct major line of business or a separate major geographic area of operations.

(2) The component is part of a related plan to dispose of a separate major business or a separate major operating region.

(3) The component is a subsidiary acquired specifically for resale.

Operating income and expenses, as well as gains and losses on disposal, such as impairment losses and reversals related to discontinued operations, are presented in the income statement as profit or loss from discontinued operations.

The Company presents non-current assets held for sale or assets in disposal groups held for sale separately from other assets on the balance sheet, and liabilities in disposal groups held for sale separately from other liabilities. Assets held as non-current assets held for sale or as part of a disposal group held for sale are not offset against liabilities held as part of a disposal group held for sale; instead, they are presented separately as current assets and current liabilities. The Company presents the profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. For discontinued operations reported in the current period, the Company restates the information previously reported as profit or loss from continuing operations in the current period's financial statements as profit or loss from discontinued operations for the comparable accounting period. If a discontinued operation no longer meets the criteria for classification as held for sale, the Company will reclassify the information previously reported as profit or loss from discontinued operations in the current period's financial statements as profit or loss from continuing operations for the comparable accounting period.

(XLI) Changes in significant accounting policies and accounting estimates

1. Changes in accounting policies

Changes in significant accounting policies: The implementation of the Notice on Financial Treatment Issues Following the Implementation of the Company Law and the Foreign Investment Law (《關於公司法、外商投資法施行後有關財務處理問題的通知》) by the Company on June 27, 2025 has no material impact on the financial statements during the Reporting Period.

2. Changes in accounting estimates

There were no changes in the significant accounting estimates in the current period.

IV. TAXATION

(I) Major tax categories and rates

Tax category	Tax basis/Income type	Tax rate	Note
Value added tax	Sale of goods	13%	
	Other taxable sales and services	6%	
	Simplified taxation method	5% or 3%	
Urban maintenance and construction tax	Amount of turnover tax actually paid	7% or 5% or 1%	
Educational surcharge	Amount of turnover tax actually paid	3%	
Local educational surcharge	Amount of turnover tax actually paid	2%	
Corporate income tax	Taxable income	25%, 20%, 15%, 16.5%	

Explanation on income tax rates for different taxpayers:

Name of taxpayer	Income tax rate
Beijing Xunzhong Communication Technology Co., Ltd.	15%
Beijing Yunxun Science and Technology Co., Ltd.	15%
Beijing Zhongmai Communication Technology Co., Ltd.	15%
Beijing Jishihui Technology Co., Ltd.	15%
Shanghai Dingshu Information Technology Co., Ltd.	25%
Yingkou Huali Daxing Technology Co., Ltd.	25%
Beijing Yunyan Tianchuang Technology Co., Ltd.	25%
Jiangsu Shaoyan Information Technology Co., Ltd.	25%
Beijing Xunjie Suanwang Technology Co., Ltd.	25%
Jiangsu Hongluo Network Technology Co., Ltd.	25%
Jiangsu Huashao Communication Technology Co., Ltd.	25%
Chuangyin Future (Beijing) Information Technology Co., Ltd.	20%
Sichuan Xunzhong Communication Technology Co., Ltd.	25%
Zunyi Dike Data Consulting Co., Ltd.	25%
Anhui Xunzhong Communication Technology Co., Ltd.	25%
Liaoning Xunzhong Communication Technology Service Co., Ltd.	25%
Xuzhou Xuntong Network Communication Technology Co., Ltd.	25%
Hefei Xuntong Huizhong Information Technology Co., Ltd.	25%
Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	25%
Ma'anshan Lingxun Information Technology Co., Ltd.	20%
Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	20%
Beijing Xunzhong IOT Information Technology Co., Ltd.	20%
Ningxia Xunzhong Intelligent Technology Co., Ltd.	20%
Xunzhong Future Communication Technology Limited	16.5%
Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd.	25%
Jiangsu Xunguang Information Technology Co., Ltd.	25%
Anhui Yuhe Shutong Intelligent Technology Co., Ltd.	20%

(II) Tax incentive policies and basis

1. Corporate income tax

On October 26, 2023, the Company was certified by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Finance Bureau, and the Beijing Tax Bureau of the State Taxation Administration, awarded the High-Tech Enterprise Certificate (Certificate No. GR202311002079) by the Beijing Municipal Science and Technology Commission, valid for three years. During the validity period, the Company enjoyed a preferential rate of 15% for corporate income tax.

On December 2, 2024, our subsidiaries – Beijing Yunxun Science and Technology Co., Ltd., Beijing Zhongmai Communication Technology Co., Ltd., and Beijing Jishihui Technology Co., Ltd. - were respectively certified by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Finance Bureau, and the Beijing Tax Bureau of the State Taxation Administration. They were each awarded High-Tech Enterprise Certificates issued by the Beijing Municipal Science and Technology Commission, with certificate numbers GR202411006053, GR202411005662, and GR202411004062, respectively, valid for three years. During the validity period, they enjoyed a preferential rate of 15% for corporate income tax.

In accordance with the relevant provisions of the Announcement on Tax and Fee Policies to Further Support the Development of Small and Micro Enterprises and Individual Business Operators (Announcement No. 12 of 2023 by the Ministry of Finance and the State Taxation Administration) promulgated in 2023, the policy allowing small and micro enterprises to calculate their taxable income at a reduced rate of 25% and pay corporate income tax at a rate of 20% will remain in effect until December 31, 2027. For the purposes of this report, a "small and micro enterprise" refers to an enterprise engaged in industries not restricted or prohibited by the state, and meeting all three of the following criteria: an annual taxable income of no more than RMB3 million, a workforce of no more than 300 employees, and total assets of no more than RMB50 million. The Company's subsidiaries – Chuangyin Future (Beijing) Information Technology Co., Ltd., Ma'anshan Lingxun Information Technology Co., Ltd., Zunyi Xuntong Huizhong City Operation and Management Co., Ltd., Beijing Xunzhong IOT Information Technology Co., Ltd., Ningxia Xunzhong Intelligent Technology Co., Ltd., and Anhui Yuhe Shutong Intelligent Technology Co., Ltd. - meet the aforementioned criteria and are subject to corporate income tax in accordance with the standards for small and micro enterprises.

2. Other taxes

In accordance with the relevant provisions of the Announcement on Tax and Fee Policies to Further Support the Development of Small and Micro Enterprises and Individual Business Operators (Announcement No. 12 of 2023 by the Ministry of Finance and the State Taxation Administration) promulgated in 2023, from January 1, 2023, to December 31, 2027, the resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities transaction stamp tax), tax on the occupation of cultivated land, and the education surcharge and local education surcharge are reduced by half for small-scale VAT taxpayers, small and micro enterprises, and individual businesses. For the purposes of this report, a "small and micro enterprise" refers to an enterprise engaged in industries not restricted or prohibited by the state, and meeting all three of the following criteria: an annual taxable income of no more than RMB3 million, a workforce of no more than 300 employees, and total assets of no more than RMB50 million. The Company's subsidiaries – Beijing Jishihui Technology Co., Ltd., Jiangsu Hongluo Network Technology Co., Ltd., Jiangsu Huashao Communication Technology Co., Ltd., Chuangyin Future (Beijing) Information Technology Co., Ltd., Sichuan Xunzhong Communication Technology Co., Ltd., Anhui Xunzhong Communication Technology Co., Ltd., Zunyi Xuntong Huizhong City Operation and Management Co., Ltd., Beijing Xunzhong IOT Information Technology Co., Ltd., Ningxia Xunzhong Intelligent Technology Co., Ltd., and Anhui Yuhe Shutong Intelligent Technology Co., Ltd. met the criteria outlined above and were subject to the urban maintenance and construction tax, stamp tax (excluding securities transaction stamp tax), education surcharge, and local education surcharge in accordance with the aforementioned criteria for small and micro enterprises.

V. NOTES TO SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise specified, all amounts below are denominated in RMB. "End of period" refers to December 31, 2025; "Beginning of period" refers to January 1, 2025; and "End of previous period" refers to December 31, 2024.)

Note 1. Monetary capital

Item	Closing balance	Opening balance
Cash on hand		109,150.00
Deposits with banks	219,290,768.05	7,175,837.11
Other monetary funds	3,027.57	1,027.38
Total	219,293,795.62	7,286,014.49
Including: Total amount deposited abroad		

The details of the restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Funds frozen due to litigation	12,088,674.39	
Total	12,088,674.39	

Note 2. Accounts receivable

1. Disclosure of accounts receivable by age

Age	Closing balance	Opening balance
Within 1 year	514,301,480.38	865,520,575.27
1 to 2 years	118,718,656.72	58,394,591.09
2 to 3 years	6,553,936.88	9,602,586.66
3 to 4 years	4,569,872.13	3,031,532.66
4 to 5 years	1,941,154.37	5,179,458.83
More than 5 years	12,714,668.42	7,657,470.41
Subtotal	658,799,768.90	949,386,214.92
Less: provision for bad debts	57,118,342.21	68,439,806.61
Total	601,681,426.69	880,946,408.31

2. Classified disclosure by bad debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	14,243,871.51	2.16	14,243,871.51	100.00	
Provision for bad debts on a portfolio basis	644,555,897.39	97.84	42,874,470.70	6.65	601,681,426.69
Including: Aging portfolio	644,555,897.39	97.84	42,874,470.70	6.65	601,681,426.69
Total	658,799,768.90	100.00	57,118,342.21		601,681,426.69

Continued:

Type	Opening balance				
	Book balance		Bad-debt provision		
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	14,217,533.58	1.50	14,217,533.58	100.00	
Provision for bad debts on a portfolio basis	935,168,681.34	98.50	54,222,273.03	5.80	880,946,408.31
Including: Aging portfolio	935,168,681.34	98.50	54,222,273.03	5.80	880,946,408.31
Total	949,386,214.92	100.00	68,439,806.61		880,946,408.31

Provision for bad debts on a portfolio basis

(1) *Aging portfolio*

Age	Closing balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	514,248,549.69	25,712,427.46	5.00
1 to 2 years	118,696,963.78	11,869,696.39	10.00
2 to 3 years	4,820,867.07	964,173.41	20.00
3 to 4 years	3,185,546.66	955,664.00	30.00
4 to 5 years	462,921.53	231,460.79	50.00
More than 5 years	3,141,048.66	3,141,048.66	100.00
Total	644,555,897.39	42,874,470.70	

Continued:

Age	Opening balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	865,507,898.17	43,275,394.96	5.00
1 to 2 years	56,660,362.85	5,666,036.28	10.00
2 to 3 years	8,211,203.11	1,642,240.61	20.00
3 to 4 years	1,556,929.07	467,078.72	30.00
4 to 5 years	121,531.36	60,765.68	50.00
More than 5 years	3,110,756.78	3,110,756.78	100.00
Total	935,168,681.34	54,222,273.03	

(2) *Provision for bad debts on an individual basis*

Entity name	Closing balance			
	Book balance	Bad-debt provision	Withdrawal Percentage (%)	Reasons for Withdrawal
No. 1	3,594,303.21	3,594,303.21	100	Expected to be uncollectible
No. 2	1,973,358.18	1,973,358.18	100	Expected to be uncollectible
No. 3	1,668,372.79	1,668,372.79	100	Expected to be uncollectible
No. 4	1,649,465.00	1,649,465.00	100	Expected to be uncollectible
No. 5	931,886.08	931,886.08	100	Expected to be uncollectible
Others	4,426,486.25	4,426,486.25	100	Expected to be uncollectible
Total	14,243,871.51	14,243,871.51	100	

Continued:

Entity name	Book balance	Opening balance Bad-debt provision	Withdrawal Percentage (%)	Reasons for Withdrawal
No. 1	3,594,303.21	3,594,303.21	100	Expected to be uncollectible
No. 2	1,973,358.18	1,973,358.18	100	Expected to be uncollectible
No. 3	1,668,372.79	1,668,372.79	100	Expected to be uncollectible
No. 4	1,659,308.00	1,659,308.00	100	Expected to be uncollectible
No. 5	931,886.08	931,886.08	100	Expected to be uncollectible
Others	4,390,305.32	4,390,305.32	100	Expected to be uncollectible
Total	14,217,533.58	14,217,533.58	100	

3. Provision for bad debts accrued, recovered or reversed in the current period

Type	Opening balance	Change in the current period Provision	Recovery or reversal	Write-off	Other changes	Closing balance
Provision for bad debts on an individual basis	14,217,533.58	900,427.35	874,089.42			14,243,871.51
Provision for bad debts on a portfolio basis	54,222,273.03	-11,347,802.33				42,874,470.70
Including: Aging portfolio	54,222,273.03	-11,347,802.33				42,874,470.70
Total	68,439,806.61	-10,447,374.98	874,089.42			57,118,342.21

4. Actual accounts receivable written off in the current period

Nil.

5. Top five accounts receivable and contract assets in terms of closing balance collected by the debtor

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total amount of closing balance of accounts receivable and contract assets (%)	Balance of provision for bad debts of accounts receivable and impairment of contract assets
Aggregate amount of the closing balance of the top five accounts receivable and contract assets	155,366,675.42		155,366,675.42	23.58	9,833,840.99

6. No accounts receivable derecognized due to transfer of financial assets in the current period

7. No assets and liabilities arising from transfer of accounts receivables and continuous involvement in the current period

Note 3. Prepayments

1. *Presentation of prepayments by aging*

Age	Closing balance Amount	Closing balance Percentage (%)	Opening balance Amount	Opening balance Percentage (%)
Within 1 year	971,939,810.78	98.26	506,023,585.12	97.04
1 to 2 years	7,108,149.25	0.72	8,699,410.40	1.67
2 to 3 years	5,622,033.88	0.57	4,169,683.73	0.80
More than 3 years	4,525,773.26	0.45	2,580,620.77	0.49
Subtotal	989,195,767.17	100.00	521,473,300.02	100.00
Less: provision for bad debts	588,731.24		314,848.30	
Total	988,607,035.93		521,158,451.72	

2. *Top five prepayments in terms of their closing balance presented by the payee*

Entity name	Closing balance	Proportion in total prepayments (%)
Aggregate amount of the closing balance of the top five prepayments	370,228,858.97	37.43

Note 4. Other receivables

1. *Disclosure by aging*

Age	Closing balance	Opening balance
Within 1 year	30,357,333.10	55,985,143.54
1 to 2 years	54,903,493.78	2,139,658.08
2 to 3 years	2,080,699.20	958,895.30
3 to 4 years	894,550.67	852,335.00
4 to 5 years	709,919.51	303,833.74
More than 5 years	1,397,681.71	1,095,647.97
Subtotal	90,343,677.97	61,335,513.63
Less: provision for bad debts	26,035,961.67	23,982,541.01
Total	64,307,716.30	37,352,972.62

2. Classification by nature of payment

Nature of payment	Closing balance	Opening balance
Deposit and security deposit	25,068,914.64	6,496,751.82
Petty cash and employee borrowing	8,300.00	8,300.00
Current accounts	64,680,252.21	54,380,000.00
Others	586,211.12	450,461.81
Subtotal	90,343,677.97	61,335,513.63
Less: provision for bad debts	26,035,961.67	23,982,541.01
Total	64,307,716.30	37,352,972.62

3. Disclosure under the methods of provision for bad debts by category

	Closing balance				
	Book balance		Bad-debt provision		
Type	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	54,747,608.89	60.60	22,299,608.89	40.73	32,448,000.00
Provision for bad debts on a portfolio basis	35,596,069.08	39.40	3,736,352.78	10.50	31,859,716.30
Including: Aging portfolio	35,596,069.08	39.40	3,736,352.78	10.50	31,859,716.30
Total	90,343,677.97	100.00	26,035,961.67		64,307,716.30

Continued:

	Opening balance				
	Book balance		Bad-debt provision		
Type	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	54,611,966.65	89.04	22,163,966.65	40.58	32,448,000.00
Provision for bad debts on a portfolio basis	6,723,546.98	10.96	1,818,574.36	27.05	4,904,972.62
Including: Aging portfolio	6,723,546.98	10.96	1,818,574.36	27.05	4,904,972.62
Total	61,335,513.63	100.00	23,982,541.01		37,352,972.62

Provision for bad debts on a portfolio basis

(1) *Aging portfolio*

Age	Closing balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	30,357,333.10	1,517,866.66	5.00
1 to 2 years	765,547.88	76,554.79	10.00
2 to 3 years	1,965,870.16	393,174.03	20.00
3 to 4 years	790,858.43	237,257.54	30.00
4 to 5 years	409,919.51	204,959.76	50.00
More than 5 years	1,306,540.00	1,306,540.00	100.00
Total	35,596,069.08	3,736,352.78	

The provision for bad debts made according to the general model of expected credit losses

Bad-debt provision	First stage Expected credit loss for the next 12 months	Second stage Expected credit loss during the entire duration (without credit impairment)	Third stage Expected credit loss during the entire duration (with credit impairment)	Total
Opening balance	1,818,574.36		22,163,966.65	23,982,541.01
Opening balance in the current period	–	–	–	–
– Transfer to the second stage				
– Transfer to the third stage				
– Reversal to the second stage				
– Reversal to the first stage				
Provision in the current period	1,917,778.42		135,642.24	2,053,420.66
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Closing balance	3,736,352.78		22,299,608.89	26,035,961.67

4. Provision for bad debts accrued, recovered or reversed in the current period

Type	Opening balance	Provision	Change in the current period			Closing balance
			Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts on an individual basis	22,163,966.65	135,642.24				22,299,608.89
Provision for bad debts on a portfolio basis	1,818,574.36	1,917,778.42				3,736,352.78
Including: Aging portfolio	1,818,574.36	1,917,778.42				3,736,352.78
Total	23,982,541.01	2,053,420.66				26,035,961.67

5. Top five other receivables in terms of closing balance collected by the debtor

Entity name	Nature of payment	Closing balance	Age	Proportion in the closing balance of other receivables (%)	Closing balance of bad-debt provision
No. 1	Current accounts	54,080,000.00	1 to 2 years	59.86	21,632,000.00
No. 2	Current accounts	10,151,252.27	Within 1 year	11.24	507,562.61
No. 3	Deposit and security deposit	6,000,000.00	Within 1 year	6.64	300,000.00
No. 4	Deposit and security deposit	6,000,000.00	Within 1 year	6.64	300,000.00
No. 5	Deposit and security deposit	5,000,000.00	Within 1 year	5.53	250,000.00
Total		81,231,252.27		89.91	22,989,562.61

6. No other receivables related to government grants during the current period

7. No other receivables derecognized due to transfer of financial assets in the current period

8. No assets and liabilities arising from the transfer of other receivables and their continuing involvement in the current period

Note 5. Inventories

1. Classification of inventories

Item	Closing balance Book balance	Closing balance Provision for inventory depreciation/ provision for impairment of contract performance costs	Closing balance Book value	Opening balance Book balance	Opening balance Provision for inventory depreciation/ provision for impairment of contract performance costs	Opening balance Book value
Stock commodities	1,317,800.36	1,923.42	1,315,876.94	1,034,819.15	1,923.42	1,032,895.73
Contract fulfillment costs	5,069,280.68		5,069,280.68	892,958.97		892,958.97
Total	6,387,081.04	1,923.42	6,385,157.62	1,927,778.12	1,923.42	1,925,854.70

2. Provision for inventory depreciation and provision for impairment of contract performance costs

Item	Opening balance	Increase in the current period Provision	Increase in the current period Others	Decrease in the current period Reversal	Decrease in the current period Charge-off	Decrease in the current period Others	Closing balance
Stock commodities	1,923.42						1,923.42
Contract fulfillment costs							
Total	1,923.42						1,923.42

Continued:

Types of inventory	Determining the net realizable value/specific basis for remaining consideration and costs to be incurred
Inventory goods	Amount after estimated selling price less estimated taxes and levies

Note 6. Other current assets

Item	Closing balance	Opening balance
Pending certification input tax	108,683.00	3,434,341.32
Pending deductible input tax	6,505,518.04	5,820,067.95
Internal offset tax		179,405.27
Prepaid corporate income tax	209,226.99	5,688.21
Prepaid value added tax	37,426.38	25,446.51
Others		4,000.00
Total	6,860,854.41	9,468,949.26

Note 7. Long-term equity investments

Investee	Opening balance	Opening balance of provisions for impairment	Increase/decrease in the current period: Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Adjustment of other comprehensive income
Associate						
Liaoning Zhilian Xintong Internet Service Co., Ltd.		705,231.21				
Total		705,231.21				

Continued:

Investee	Increase/decrease in the current period: Changes in other equity	Cash dividends or profits declared and distributed	Provision for impairment	Others	Closing balance	Closing balance of provisions for impairment
II. Associate						
Liaoning Zhilian Xintong Internet Service Co., Ltd.						705,231.21
Total						705,231.21

Note 8. Other equity instrument investments

1. Other equity instrument investments

Item	Opening balance	Additional investment	Reduced investment	Increase/decrease in the current period: Gains included in other comprehensive income in the current period	Increase/decrease in the current period: Losses included in other comprehensive income in the current period	Others	Closing balance
Shenzhen Zhiyu Technology Co., Ltd.							
Total							

Continued:

Item	Dividend income recognized in the current period	Cumulative gains included in other comprehensive income	Cumulative losses included in other comprehensive income	Reason for being designated at fair value through other comprehensive income
Shenzhen Zhiyu Technology Co., Ltd.			4,250,000.00	The proportion of shareholding is small and the Company does not have control or significant influence. Investments planned for long-term holding for strategic purposes
Total			4,250,000.00	

2. Non-trading equity instrument investment

Item	Reason for being designated at fair value through other comprehensive income	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	The amount of other comprehensive income transferred into retained profit	Reasons for other comprehensive income transferred to retained profit
Shenzhen Zhiyu Technology Co., Ltd.	The proportion of shareholding is small and the Company does not have control or significant influence. Investments planned for long-term holding for strategic purposes			4,250,000.00		
Total				4,250,000.00		

Note 9. Fixed assets

1. *Fixed asset*

Item	Transport equipment	Office furniture	Electronic equipment	Total
I. Original carrying value				
1. Opening balance	799,368.54	1,024,678.09	21,682,741.22	23,506,787.85
2. Increase in the current period			14,074.22	14,074.22
Purchase			14,074.22	14,074.22
3. Decrease in the current period		20,511.19		20,511.19
Disposal or scrapping		20,511.19		20,511.19
4. Closing balance	799,368.54	1,004,166.90	21,696,815.44	23,500,350.88
II. Accumulated depreciation				
1. Opening balance	632,823.37	702,073.34	19,694,350.86	21,029,247.57
2. Increase in the current period	50,441.40	101,482.43	366,871.30	518,795.13
Provision in the current period	50,441.40	101,482.43	366,871.30	518,795.13
3. Decrease in the current period		15,561.96		15,561.96
Disposal or scrapping		15,561.96		15,561.96
4. Closing balance	683,264.77	787,993.81	20,061,222.16	21,532,480.74
III. Impairment provision				
1. Opening balance				
2. Increase in the current period				
Provision in the current period				
3. Decrease in the current period				
Disposal or scrapping				
4. Closing balance				
IV. Book value				
1. Book value at the end of the period	116,103.77	216,173.09	1,635,593.28	1,967,870.14
2. Book value at the beginning of the period	166,545.17	322,604.75	1,988,390.36	2,477,540.28

2. *There were no temporarily-idle fixed assets at the end of the period*

3. *There were no fixed assets which have not obtained ownership certificates at the end of the period*

Note 10. Right-of-use assets

Item	Houses and buildings	Total
I. Original carrying value		
1. Opening balance	13,526,193.53	13,526,193.53
2. Increase in the current period	711,642.47	711,642.47
Leases	711,642.47	711,642.47
Other increase		
3. Decrease in the current period	1,568,856.57	1,568,856.57
Lease expiration		
Other decrease	1,568,856.57	1,568,856.57
4. Closing balance	12,668,979.43	12,668,979.43
II. Accumulated depreciation		
1. Opening balance	5,838,694.52	5,838,694.52
2. Increase in the current period	3,790,420.51	3,790,420.51
Provision in the current period	3,790,420.51	3,790,420.51
Other increase		
3. Decrease in the current period	979,367.20	979,367.20
Lease expiration		
Other decrease	979,367.20	979,367.20
4. Closing balance	8,649,747.83	8,649,747.83
III. Impairment provision		
1. Opening balance		
2. Increase in the current period		
Provision in the current period		
Other increase		
3. Decrease in the current period		
Lease expiration		
Other decrease		
4. Closing balance		
IV. Book value		
1. Book value at the end of the period	4,019,231.60	4,019,231.60
2. Book value at the beginning of the period	7,687,499.01	7,687,499.01

Note 11. Goodwill

1. Original book value of goodwill

Name of the investees or matters forming goodwill	Opening balance	Increase in the current period: Formation from business combination	Increase in the current period: Others	Decrease in the current period: Disposal	Decrease in the current period: Others	Closing balance
Beijing Yunxun Science and Technology Co., Ltd.	61,460.29					61,460.29
Yingkou Huali Daxing Technology Co., Ltd.	5,913,354.70					5,913,354.70
Total	5,974,814.99					5,974,814.99

2. Impairment provision of goodwill

Name of the investees or matters forming goodwill	Opening balance	Increase in the current period: Provision	Increase in the current period: Others	Decrease in the current period: Disposal	Decrease in the current period: Others	Closing balance
Beijing Yunxun Science and Technology Co., Ltd.	61,460.29					61,460.29
Yingkou Huali Daxing Technology Co., Ltd.	5,913,354.70					5,913,354.70
Total	5,974,814.99					5,974,814.99

3. Asset group or asset group portfolio the goodwill belongs to

The relevant asset group portfolio containing goodwill formed as a result of the Company's acquisition of the equity of Yingkou Huali Daxing Technology Co., Ltd. includes fixed assets, etc.

4. Goodwill impairment test process, key parameters and recognition method of impairment loss on goodwill

For the asset group to which the goodwill of Yingkou Huali Daxing Technology Co., Ltd. is located (hereinafter referred to as the Huali Daxing asset group), the Company adopts the method of the present value of estimated future cash flows to calculate the recoverable amount of the asset group.

Note 12. Long-term deferred expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decreases	Closing balance
Decoration cost of houses	1,704,056.04		881,580.55		822,475.49
Total	1,704,056.04		881,580.55		822,475.49

Note 13. Deferred tax assets and deferred tax liabilities

1. *Deferred tax assets without offset*

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	68,919,172.98	10,084,068.20	77,296,506.84	11,844,798.99
Changes in fair value of other equity instrument	5,000,000.00	750,000.00	5,000,000.00	750,000.00
Lease liabilities	5,056,098.71	826,460.16	9,176,127.40	1,477,584.01
Deductible loss			3,798,786.86	949,696.72
Accrued liabilities	506,939.84	76,040.98	506,939.84	76,040.98
Total	79,482,211.53	11,736,569.34	95,778,360.94	15,098,120.70

2. *Deferred tax liabilities without offset*

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	4,019,231.60	668,118.63	7,687,499.01	1,248,496.24
Total	4,019,231.60	668,118.63	7,687,499.01	1,248,496.24

3. Deferred tax assets or liabilities presented at net amount after the offsetting

Item	Offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	668,118.63	11,068,450.71
Deferred tax liabilities	668,118.63	

4. Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Provision for asset impairment	14,849,187.98	15,489,523.50
Advertising expenses		17,586.25
Deductible loss	127,052,815.15	118,853,590.89
Total	141,902,003.13	134,360,700.64

The subsidiaries of the Company, including Beijing Zhongmai Communication Technology Co., Ltd., Beijing Jishihui Technology Co., Ltd., Beijing Dingshu Information Technology Co., Ltd., Yingkou Huali Daxing Technology Co., Ltd., Zunyi Dike Data Consulting Co., Ltd., Jiangsu Shaoyan Information Technology Co., Ltd., Beijing Xunjie Suanwang Technology Co., Ltd., Jiangsu Hongluo Network Technology Co., Ltd., Jiangsu Huashao Communication Technology Co., Ltd., Sichuan Xunzhong Communication Technology Co., Ltd., Anhui Xunzhong Communication Technology Co., Ltd., Hefei Xuntong Huizhong Information Technology Co., Ltd., Liaoning Xunzhong Communication Technology Service Co., Ltd., Xuzhou Xuntong Network Communication Technology Co., Ltd., Sichuan Xuntong Huizhong Smart City Technology Co., Ltd., Xunzhong Future Communication Technology Limited, and Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd., continued to operate at loss and it is expected that the deductible losses cannot be recovered in the short term, and no deferred tax assets have been recognized in respect of the temporary differences and deductible losses.

5. *Deductible losses from unrecognized deferred tax assets will be expired in the following years*

Year	Closing balance	Opening balance	Note
Year 2025		1,796,986.87	
Year 2026		3,280,889.48	
Year 2027	659,131.93	10,015,603.85	
Year 2028	12,938,055.54	28,697,423.31	
Year 2029	23,782,047.87	31,402,486.36	
Year 2030	17,628,346.97	15,831,360.10	
Year 2031	8,857,308.89	5,653,215.75	
Year 2032	14,808,007.37	6,337,459.78	
Year 2033	25,259,637.24	12,037,864.93	
Year 2034	13,438,607.22	3,800,300.46	
Year 2035	9,681,672.12		
Total	127,052,815.15	118,853,590.89	

Note 14. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract assets				234,555.00	46,911.00	187,644.00
Total				234,555.00	46,911.00	187,644.00

Note 15. Short-term borrowings

Item	Closing balance	Opening balance
Guaranteed borrowings	316,000,000.00	255,000,000.00
Unexpired interest payable	360,085.25	292,974.25
Total	316,360,085.25	255,292,974.25

Note 16. Accounts payable

1. *Accounts payable presented by nature of payment*

Item	Closing balance	Opening balance
Service fee payable for telecommunication resources	138,334,258.49	181,801,468.93
Service fee payable for research and development	32,550,625.21	18,546,684.33
Rental and property fee payable	249,720.29	1,155,779.95
Renovation work fees payable	17,247.25	17,247.25
Others	1,887,039.08	1,781,876.18
Total	173,038,890.32	203,303,056.64

2. *Accounts payable presented by age*

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	128,217,381.08	165,633,825.84
1 to 2 years (including 2 years)	21,442,924.58	14,812,706.76
2 to 3 years (including 3 years)	5,928,004.05	9,774,426.48
More than 3 years	17,450,580.61	13,082,097.56
Total	173,038,890.32	203,303,056.64

Note 17. Contract liabilities

1. *Contract liabilities*

Item	Closing balance	Opening balance
Advance service fees	42,502,421.38	51,223,451.37
Total	42,502,421.38	51,223,451.37

Note 18. Staff remuneration payables

1. Presentation of staff remuneration payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term remuneration	7,539,633.54	41,267,165.76	45,057,996.09	3,748,803.21
Post-employment benefits				
– defined contribution plans	225,738.97	2,480,848.33	2,533,481.30	173,106.00
Dismissal benefits		794,809.85	794,809.85	
Other benefits due within one year				
Total	7,765,372.51	44,542,823.94	48,386,287.24	3,921,909.21

2. Presentation of short-term remuneration

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Salaries, bonuses, allowances and subsidies	7,368,829.66	38,140,797.91	41,871,545.04	3,638,082.53
Staff welfare expenses		144,981.36	144,981.36	
Social insurance premiums	150,722.19	1,504,686.34	1,549,083.01	106,325.52
Including: Basic medical insurance premiums	146,440.31	1,387,161.85	1,430,796.08	102,806.08
Supplementary medical insurance premiums		65,781.00	65,781.00	–
Work-related injury insurance premiums	4,281.88	45,486.51	46,592.75	3,175.64
Maternity insurance premiums		6,256.98	5,913.18	343.80
Housing provident fund	15,786.00	1,463,785.05	1,478,661.05	910.00
Union funds and employee education funds	4,295.69	13,601.94	14,412.47	3,485.16
Total	7,539,633.54	41,267,165.76	45,057,996.09	3,748,803.21

3. Presentation of defined contribution plans

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Basic endowment insurance	219,208.62	2,405,217.08	2,456,583.14	167,842.56
Unemployment insurance premium	6,530.35	75,631.25	76,898.16	5,263.44
Total	225,738.97	2,480,848.33	2,533,481.30	173,106.00

Note 19. Taxes payable

Tax items	Closing balance	Opening balance
Value added tax	671,625.13	129,580.16
Corporate income tax	5,796,303.51	5,463,278.09
Personal income tax	336,651.22	601,972.80
Urban maintenance and construction tax	22,871.14	3,959.11
Educational surtax	27,355.95	14,666.24
Stamp duty	514,562.53	352,120.80
Others	31,972.89	31,341.90
Total	7,401,342.37	6,596,919.10

Note 20. Other payables

1. Other payables presented by nature of payment

Nature of payment	Closing balance	Opening balance
Deposit and security deposit	737,139.00	231,020.00
Reimbursement payables	21,145.97	93,561.05
Current accounts	54,504,066.00	54,504,066.00
Loans	15,000,000.00	35,000,000.00
Others	184,461.83	301,220.34
Total	70,446,812.80	90,129,867.39

Note 21. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	5,024,466.66	10,208.33
Lease liabilities due within one year	4,709,827.18	5,716,100.92
Total	9,734,293.84	5,726,309.25

Note 22. Other current liabilities

Item	Closing balance	Opening balance
Output tax on contract liabilities	2,830,154.36	3,072,943.62
Others	8,597,713.17	7,111,050.64
Total	11,427,867.53	10,183,994.26

Note 23. Long-term borrowings

Category of borrowing	Closing balance	Opening balance
Guaranteed borrowings	24,950,000.00	10,000,000.00
Unexpired interest payable	24,466.66	10,208.33
Less: Long-term borrowings due within one year	5,024,466.66	10,208.33
Total	19,950,000.00	10,000,000.00

Note 24. Lease liabilities

Item	Closing balance	Opening balance
Within 1 year	4,790,129.07	6,109,672.62
1 to 2 years	350,502.75	3,403,729.07
2 to 3 years		
Subtotal of total lease payments	5,140,631.82	9,513,401.69
Less: Unrecognized financing expenses	84,533.11	337,274.29
Subtotal of present value of lease payments	5,056,098.71	9,176,127.40
Less: Lease liabilities due within one year	4,709,827.18	5,716,100.92
Total	346,271.53	3,460,026.48

Interest expense on lease liabilities of RMB259,644.80 was recognized in this period.

Note 25. Accrued liabilities

Item	Closing balance	Opening balance	Reasons for formation
Liquidated damages	506,939.84	506,939.84	Liquidated damages under the litigated contract
Total	506,939.84	506,939.84	

Note 26. Share capital

			Increase (+) or decrease (–) in the current period				
Item	Opening balance	New shares issued	Share donation	Conversion of provident fund into shares	Others	Subtotal	Closing balance
Total shares	91,314,291.00	30,440,000.00				30,440,000.00	121,754,291.00

Note: On July 9, 2025, following approval by the Hong Kong Stock Exchange, the Company issued 30,440,000 overseas listing of foreign shares (H Shares), each with a par value of RMB1 per share.

Note 27. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	258,907,051.85	330,369,463.76	26,309,986.29	562,966,529.32
Total	258,907,051.85	330,369,463.76	26,309,986.29	562,966,529.32

Note: The Company received proceeds from the issuance of H-shares, which increased capital reserves by RMB330,369,463.76. Expenses incurred in connection with the H-share issuance, including underwriting fees, sponsorship fees, prospectus printing costs, fees for the reporting accountants, and legal fees totaling RMB26,309,986.29, were charged against capital reserves-share premium.

Note 28. Other comprehensive income

Item	Opening balance	Amount in the current period									Closing balance
		Amount before income tax in the current period	Less: the amount included in other comprehensive income in prior period and transferred to current profit or loss	Less: financial assets included in other comprehensive income in prior period and transferred to the current period measured at amortized costs	Less: transfer of hedging reserve to related assets or liabilities	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	Less: carryover recount changes in defined benefits plan	Less: included in other comprehensive income in prior period and transferred to retained profit in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	-4,250,000.00										-4,250,000.00
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method											
2. Changes in fair value of other equity instrument investments	-4,250,000.00										-4,250,000.00
II. Other comprehensive income that will be reclassified into the profit or loss											
Total other comprehensive income	-4,250,000.00										-4,250,000.00

Note 29. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	61,965,946.30			61,965,946.30
Total	61,965,946.30			61,965,946.30

Explanation of surplus reserve:

In accordance with the provisions of the Company Law and the Company's Articles of Association, the Company sets aside 10% of its net profit as statutory surplus reserve. As the Company's accumulated statutory retained earnings had exceeded 50% of its registered capital, no further allocation was made for the current period.

Note 30. Retained earnings

Item	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	433,004,620.45	381,500,521.12
Total retained earnings adjustment at the beginning of the period (increase +, decrease -)		
The adjusted retained earnings at the beginning of the period	433,004,620.45	381,500,521.12
Add: Net profit attributable to owners of the parent for the period	73,018,868.99	53,544,471.15
Less: Appropriation to statutory surplus reserve		2,040,371.82
Appropriation to arbitrary surplus reserve		
Appropriation to general risk reserve		
Common stock dividends payable		
Common stock dividends transferred to share capital		
Add: Surplus reserve used to offset accumulated losses		
Changes in defined benefit obligation transferred to retained earnings		
Other comprehensive income transferred to retained earnings		
Other internal transfer of owners' equity		
Retained earnings at the end of the period	506,023,489.44	433,004,620.45

Note 31. Operating income and operating costs

1. *Operating income, operating costs*

Item	Amount in the current period		Amount in the previous period	
	Income	Cost	Income	Cost
Primary business	903,913,823.84	726,465,051.18	917,605,948.02	714,485,274.84
Total	903,913,823.84	726,465,051.18	917,605,948.02	714,485,274.84

2. *Operating income, operating costs by product types*

Major product types	Amount in the current period		Amount in the previous period	
	Operating income	Operating costs	Operating income	Operating costs
Cloud-based communications services	844,213,059.32	686,781,557.05	866,051,170.27	673,614,940.24
Smart communications solutions	48,465,612.86	29,227,170.07	13,940,152.97	4,899,212.62
Other communications services and accessories	11,235,151.66	10,456,324.06	37,614,624.78	35,971,121.98
Total	903,913,823.84	726,465,051.18	917,605,948.02	714,485,274.84

Note 32. Taxes and other levies

Item	Amount in the current period	Amount in the previous period
Urban maintenance and construction tax	41,719.81	19,322.21
Educational surcharge	45,839.26	18,730.38
Local educational surcharge	30,559.48	12,679.74
Stamp duty	1,459,091.79	1,157,370.75
Others	150,630.72	77,416.73
Total	1,727,841.06	1,285,519.81

Note 33. Selling expenses

Item	Amount in the current period	Amount in the previous period
Staff remuneration	12,330,314.55	16,221,115.85
Depreciation and amortization	957,081.27	1,128,855.40
Travelling expenses	256,042.85	630,724.36
Rental and property fees	513,395.56	700,062.26
Business promotion expenses	1,107,026.82	602,000.95
Postage fee	62,511.11	116,707.15
Office costs	239,891.80	194,598.52
Total	15,466,263.96	19,594,064.49

Note 34. Administrative expenses

Item	Amount in the current period	Amount in the previous period
Staff remuneration	15,550,003.51	17,464,378.66
Consultant expenses	10,719,281.09	4,855,092.93
Business entertainment expenses	928,509.39	2,291,611.53
Depreciation and amortization	2,319,703.19	2,169,819.76
Repair cost	904,699.82	1,437,002.43
Office costs	1,178,421.67	1,199,819.85
Rental and property fees	742,680.39	835,530.39
Travelling expenses	380,809.78	801,507.15
Disability benefit	420,630.60	412,981.46
Water and electricity fees	214,424.52	243,348.99
Training expenses	15,368.20	164,915.76
Postage fee	134,396.15	139,544.73
Recruitment fee	10,850.94	57,456.60
Low-value consumables		3,719.39
Others	531,422.84	213,605.73
Total	34,051,202.09	32,290,335.36

Note 35. R&D expenses

Item	Amount in the current period	Amount in the previous period
Outsourced R&D expenses	25,496,588.67	19,487,365.79
Staff remuneration	14,379,411.51	16,623,646.04
Depreciation and amortization	1,032,431.18	1,600,432.03
Rental and property fees	224,599.37	348,285.76
Office costs	22,382.17	12,076.39
Total	41,155,412.90	38,071,806.01

Note 36. Finance expenses

Item	Amount in the current period	Amount in the previous period
Interest expenses	11,398,641.78	11,688,997.82
Less: interest income	28,080.85	58,443.03
Foreign exchange gains and losses	-81,578.60	
Bank service fees	427,323.61	647,736.21
Others	1,760,569.30	598,742.69
Total	13,476,942.24	12,877,033.69

Note 37. Other income

1. Details of other income

Source of other income	Amount in the current period	Amount in the previous period
Government grants	3,860,851.02	3,663,719.64
Refund of service fee for individual income tax	67,622.97	136,920.34
Others	4,914.37	7,545.54
Total	3,933,388.36	3,808,185.52

2. Government grants included in other income

For details of the government grants of the Company, please refer to (II) "Government grants recognized in profit or loss for the period" under Note IX "Government grants".

Note 38. Investment income

1. Details of investment income

Item	Amount in the current period	Amount in the previous period
Income from long-term equity investments accounted for by using the equity method		-21,620.97
Total		-21,620.97

Note 39. Credit impairment loss

Item	Amount in the current period	Amount in the previous period
Loss from bad debts	9,268,043.74	-45,997,274.45
Total	9,268,043.74	-45,997,274.45

In the above table, loss is represented by "-".

Note 40. Asset impairment loss

Item	Amount in the current period	Amount in the previous period
Impairment loss on goodwill		-3,893,786.54
Impairment loss on long-term equity investments		-705,231.21
Loss of bad debts from prepayments	-226,971.94	-314,848.30
Impairment loss on contract assets		-23,455.50
Inventories depreciation loss and impairment loss on contract performance costs		-496.58
Total	-226,971.94	-4,937,818.13

Note 41. Gains from disposal of assets

Item	Amount in the current period	Amount in the previous period
Gains or losses on disposal of fixed assets		
Changes in right-of-use assets	157,406.83	132,055.43
Total	157,406.83	132,055.43

Note 42. Non-operating revenue

Item	Amount in the current period	Amount in the previous period	Amount included in non-recurring profit or loss for the period
Others	0.74	4,529.35	0.74
Total	0.74	4,529.35	0.74

Note 43. Non-operating expense

Item	Amount in the current period	Amount in the previous period	Amount included in non-recurring profit or loss for the period
Liquidated damages	163,486.52	569,001.20	163,486.52
Overdue fines	334,734.82	9,821.89	334,734.82
Losses from the damage and scrapping of non-current assets	3,126.22	2,515.67	3,126.22
External donations	47,200.00		47,200.00
Others	111,283.00	7,262.11	111,283.00
Total	659,830.56	588,600.87	659,830.56

Note 44. Income tax expenses

1. *List of income tax expenses*

Item	Amount in the current period	Amount in the previous period
Current income tax expense	8,321,174.66	6,431,284.65
Deferred income tax expense	2,781,173.75	-5,671,359.49
Total	11,102,348.41	759,925.16

2. *Accounting profit and income tax expenses adjustment process*

Item	Amount in the current period
Total profits	84,043,147.58
Income tax expenses calculated at statutory/applicable tax rate	12,606,472.13
Influence of different tax rates applicable to subsidiaries	-792,703.60
Influence of adjustments to the income tax for the prior periods	800,322.67
Influence of non-taxable income	
Impact of non-deductible costs, expenses and losses	111,886.79
Influence of deductible losses on the use of preliminarily unrecognized deferred tax assets in previous periods	
Effect of deductible temporary differences or deductible losses from deferred tax assets unrecognized in the current period	2,411,048.76
Effect of changes in tax rates	478,815.92
Impact of pre-tax deduction on R&D expenses	-4,513,494.25
Income tax expenses	11,198,348.41

Note 45. Notes to the statement of cash flows

1. *Cash related to operating activities*

(1) Other cash received relating to operating activities

Item	Amount in the current period	Amount in the previous period
Security deposit and reserve fund	1,745,266.68	2,143,628.32
Interest income	28,047.30	58,443.03
Subsidy income	3,705,765.39	3,663,719.64
Current accounts	2,085,932.38	5,450,125.06
Total	7,565,011.75	11,315,916.05

(2) Other cash paid relating to operating activities

Item	Amount in the current period	Amount in the previous period
Fees paid for the period	6,343,201.83	10,172,733.25
Security deposit and reserve fund	2,988,003.96	3,171,239.73
Current accounts	1,677,760.07	6,762,205.85
Handling fee	217,816.25	343,623.77
Frozen funds	12,088,674.39	
Total	23,315,456.50	20,449,802.60

2. *Cash relating to financing activities*

(1) Other cash received relating to financing activities

Item	Amount in the current period	Amount in the previous period
Guarantee deposit		8,571,000.00
Total		8,571,000.00

(2) Other cash paid relating to financing activities

Item	Amount in the current period	Amount in the previous period
Payment of rental for right-of-use assets	4,669,285.72	4,725,615.45
Guarantee fee	533,044.55	341,704.95
Fees for H-share listing intermediaries	17,728,996.81	
Financing service fee	6,260,000.00	
Total	29,191,327.08	5,067,320.40

(3) Changes in various liabilities arising from financing activities

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowings	255,292,974.25	379,818,727.22	10,690,884.77	329,442,500.99	-	316,360,085.25
Long-term borrowings	10,010,208.33	15,000,000.00	641,018.88	676,760.55	-	24,974,466.66
Other payables	35,000,000.00	113,965,000.00	-	133,965,000.00	-	15,000,000.00
Lease liabilities	9,176,127.40	-	996,079.78	4,669,285.72	446,822.75	5,056,098.71
Total	309,479,309.98	508,783,727.22	12,327,983.43	468,753,547.26	446,822.75	361,390,650.62

Note: The above non-current liability items include amounts reclassified to non-current liabilities due within one year.

Note 46. Supplementary information to the statement of cash flows

1. *Supplementary information to the statement of cash flows*

Item	Amount in the current period	Amount in the previous period
1. Net profit adjusted to cash flows of operating activities		
Net profit	72,940,799.17	50,641,444.54
Plus: losses from credit impairment	-9,268,043.74	45,997,274.45
Provision for asset impairment	226,971.94	4,937,818.13
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	518,795.13	668,423.15
Depreciation of right-of-use assets	3,790,420.51	4,594,352.76
Amortization of intangible assets		
Amortization of long-term deferred expenses	881,580.55	1,421,418.27
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains is represented by "-")	-157,406.83	-132,055.43
Losses from write-off of fixed assets (gains is represented by "-")	3,126.22	2,515.67
Losses from changes in fair value (gains is represented by "-")		
Finance expenses (gains is represented by "-")	13,294,767.27	12,287,740.51
Loss from investment (gains is represented by "-")		21,620.97
Decrease in deferred tax assets (increase is represented by "-")	2,784,866.11	-3,788,719.67
Increase in deferred tax liabilities (decrease is represented by "-")	-3,692.36	-2,028,935.71
Decrease in contract assets (increase is represented by "-")		
Decrease in inventories (increase is represented by "-")	-4,459,302.92	1,145,647.09
Decrease in operating receivables (increase is represented by "-")	-204,341,914.83	-409,653,418.25
Increase in operating payables (decrease is represented by "-")	-54,551,365.60	179,855,622.02
Others		
Net cash flows from operating activities	-178,340,399.38	-114,029,251.50

Item	Amount in the current period	Amount in the previous period
2. Material investment and financing activities not involving cash receipts and payments		
Transfer of debts into capital		
Convertible corporate bonds due within one year		
Newly added right-of-use assets in the current period		
3. Net change in cash and cash equivalents		
Closing balance of cash	207,205,121.23	7,286,014.49
Less: Opening balance of cash	7,286,014.49	76,698,928.29
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	199,919,106.74	-69,412,913.80

2. Total cash outflow related to leases

The total cash outflow related to leases in the current period was RMB7,254,910.50 (previous period: RMB4,805,923.11).

3. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	207,205,121.23	7,286,014.49
Including: Cash on hand		109,150.00
Unrestricted bank deposits	207,202,093.66	7,175,837.11
Other unrestricted monetary funds	3,027.57	1,027.38
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	207,205,121.23	7,286,014.49
Including: Cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group		

4. Monetary funds excluded from cash and cash equivalents

Item	Closing balance	Opening balance	Reason
Bank deposits	12,088,674.39		Restricted use
Total	12,088,674.39		

Note 47. Assets with restricted ownership or right-of-use

Item	Closing balance	Type of restriction	Reason for restriction
Monetary capital	12,088,674.39	Freezing	Frozen due to litigation
Total	12,088,674.39		

Note 48. Foreign currency monetary items

Item	Foreign currency amount	Conversion rate	RMB amount
Monetary capital			
Including: HKD	9,525.04	0.9032	8,603.21

Note 49. Leases

(I) Disclosure as a lessee

For details of the Company's right-of-use assets, lease liabilities and total cash outflow related to leases, please refer to Note 10, Note 24 and Note 46. The Company, as a lessee, recorded the following in profit or loss:

Item	Amount in the current period	Amount in the previous period
Interest on lease liability	259,644.80	503,584.51
Short-term lease expenses	667,659.20	555,500.72

Other information of the Company as a lessee is as follows:

1. *Leasing activities*

The leasing activities of the Company are mainly based on the leasing of properties for staff offices, research and development and other operating activities based on strategic development plans and sustainable growth needs. On the contract inception date, the Company assesses whether the contract is a lease or contains a lease. If a party to the contract transfers its right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease. In order to determine whether a contract transfers the right to control the use of an identified asset for a certain period of time, the Company assesses whether the customer in the contract is entitled to substantially all of the economic benefits and the right to direct the use of the identified asset during the period of use.

2. *Simplified approach to the short-term lease and lease of low-value assets*

A short-term lease of the Company is a lease that does not include a purchase option and the lease term does not exceed 12 months. Leases of low value assets refer to leases with a lower value when the individual leased asset is a brand new asset.

The Company does not recognize right-of-use assets and lease liabilities for short-term lease and leases of low value assets, and the relevant lease payments are included in the relevant asset costs or current profit or loss in each period of the lease term according to the straight-line method or other systematic and reasonable methods.

3. *Future potential cash outflows not included in the measurement of lease liabilities*

As of December 31, 2025, the Company had no potential future cash outflow that should be included but not included in the measurement of lease liabilities.

VI. R&D EXPENDITURES

(I) Presentation by nature of expenses

Item	Amount in the current period	Amount in the previous period
Outsourced R&D expenses	**25,496,588.67**	19,487,365.79
Staff remuneration	**14,379,411.51**	16,623,646.04
Depreciation and amortization	**1,032,431.18**	1,600,432.03
Rental and property fees	**224,599.37**	348,285.76
Office costs	**22,382.17**	12,076.39
Total	**41,155,412.90**	38,071,806.01
Including: Expensed R&D expenditure	**41,155,412.90**	38,071,806.01
Capitalised R&D expenditure		

VII. CHANGES IN CONSOLIDATION SCOPE

(I) Change in consolidation scope for other reasons

On September 2, 2025, the Company established a wholly-owned subsidiary, Xunzhong Future Communication Technology Limited, with a registered capital of HK$10,000.00, a paid-in capital of HK$10,000.00, and 100% equity interest held by the Company.

On October 21, 2025, the Company established a wholly-owned subsidiary, Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd., with a registered capital of RMB10 million, a paid-in capital of RMB170,000, and 100% equity interest held by the Company.

On November 25, 2025, Xunzhong Future Communication Technology Limited, a wholly-owned subsidiary of the Company, established a wholly-owned subsidiary, Jiangsu Xunguang Information Technology Co., Ltd., with a registered capital of RMB39 million. The capital has not yet been paid in, and the Company holds a 100% equity interest.

On December 25, 2025, the Company established a majority-owned subsidiary, Anhui Yuhe Shutong Intelligent Technology Co., Ltd., with a registered capital of RMB5 million. The capital has not yet been paid in, and the Company holds a 51% equity interest.

VIII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Members of the enterprise group

Name of subsidiaries	Registered capital	Main place of business	Registration place	Business nature	Shareholding ratio (%) Direct	Indirect	Method of acquisition
Beijing Yunxun Science and Technology Co., Ltd.	RMB50 million	Beijing	Beijing	Technology service	100		Enterprise merger not under the common control
Beijing Zhongmai Communication Technology Co., Ltd.	RMB50 million	Beijing	Beijing	Technology service	100		Establishment
Beijing Jishihui Technology Co., Ltd.	RMB20 million	Beijing	Beijing	Technology service	100		Establishment
Beijing Dingshu Information Technology Co., Ltd.	RMB10 million	Shanghai	Shanghai	Technology service	100		Enterprise merger not under the common control
Yingkou Huali Daxing Technology Co., Ltd.	RMB10 million	Yingkou, Liaoning	Yingkou, Liaoning	Technology service	70		Enterprise merger not under the common control
Beijing Yunyan Tianchuang Technology Co., Ltd.	RMB10 million	Beijing	Beijing	Technology service	100		Enterprise merger not under the common control
Jiangsu Shaoyan Information Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	Technology service	100		Enterprise merger not under the common control
Beijing Xunjie Suanwang Technology Co., Ltd.	RMB10 million	Deyang, Sichuan	Deyang, Sichuan	Technology service	100		Enterprise merger not under the common control
Jiangsu Hongluo Network Technology Co., Ltd.	RMB10 million	Ma'anshan, Anhui	Ma'anshan, Anhui	Technology service	100		Enterprise merger not under the common control
Jiangsu Huashao Communication Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	Technology service	100		Enterprise merger not under the common control
Chuangyin Future (Beijing) Information Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	Technology service	100		Enterprise merger not under the common control

Name of subsidiaries	Registered capital	Main place of business	Registration place	Business nature	Shareholding ratio (%) Direct	Indirect	Method of acquisition
Sichuan Xunzhong Communication Technology Co., Ltd.	RMB10 million	Deyang, Sichuan	Deyang, Sichuan	Technology service	100		Establishment
Zunyi Dike Data Consulting Co., Ltd.	RMB10 million	Zunyi, Guizhou	Zunyi, Guizhou	Economic and trade consultation	100		Establishment
Anhui Xunzhong Communication Technology Co., Ltd.	RMB10 million	Ma'anshan, Anhui	Ma'anshan, Anhui	Technology service	100		Establishment
Liaoning Xunzhong Communication Technology Service Co., Ltd.	RMB10 million	Liaoyang, Liaoning	Liaoyang, Liaoning	Technology service	100		Establishment
Xuzhou Xuntong Network Communication Technology Co., Ltd.	RMB10 million	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Technology service	61		Establishment
Hefei Xuntong Huizhong Information Technology Co., Ltd.	RMB10.404 million	Hefei, Anhui	Hefei, Anhui	Technology service	80		Establishment
Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	RMB50 million	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	100		Establishment
Ma'anshan Lingxun Information Technology Co., Ltd.	RMB1 million	Ma'anshan, Anhui	Ma'anshan, Anhui	Technology service		60	Establishment
Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	RMB10 million	Zunyi, Guizhou	Zunyi, Guizhou	Technology service		90	Establishment
Beijing Xunzhong IOT Information Technology Co., Ltd.	RMB10 million	Beijing	Beijing	Technology service	100		Establishment
Ningxia Xunzhong Intelligent Technology Co., Ltd.	RMB10 million	Guyuan City, Ningxia Hui Autonomous Region	Guyuan City, Ningxia Hui Autonomous Region	Technology service	70		Establishment
Xunzhong Future Communication Technology Limited	HK$10,000	Hong Kong Special Administrative Region	Hong Kong Special Administrative Region	Technology service	100		Establishment
Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd.	RMB10 million	Shenzhen	Shenzhen	Technology service	100		Establishment
Jiangsu Xunguang Information Technology Co., Ltd.	RMB39 million	Taizhou, Jiangsu	Taizhou, Jiangsu	Technology service		100	Establishment
Anhui Yuhe Shutong Intelligent Technology Co., Ltd.	RMB5 million	Ma'anshan, Anhui	Ma'anshan, Anhui	Technology service	51		Establishment

2. Significant non-wholly owned subsidiaries

Name of subsidiaries	Percentage of shares held by minority shareholders (%)	Profit and loss attributable to minority shareholders for the current period	Dividends declared to minority shareholders in the current period	Balance of minority shareholders' equity at the end of the period	Note
Hefei Xuntong Huizhong Information Technology Co., Ltd.	20	144,331.88		1,213,240.21	
Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	10	43,772.67		38,058.99	
Ningxia Xunzhong Intelligent Technology Co., Ltd.	30	108,670.01		172,352.70	

3. *Main financial information of significant non-wholly owned subsidiaries*

The main financial information of these subsidiaries is the amounts before offsetting between enterprises within the Company, but after adjustment by fair value on the combination date and unified accounting policy:

Item	Closing balance/ amount in the current period Hefei Xuntong Huizhong Information Technology Co., Ltd.	Closing balance/ amount in the current period Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	Closing balance/ amount in the current period Ningxia Xunzhong Intelligent Technology Co., Ltd.
Current assets	45,491,518.86	12,627,943.29	47,151,352.59
Non-current assets	373,266.16	2,989.13	200,376.16
Total assets	45,864,785.02	12,630,932.42	47,351,728.75
Current liabilities	38,768,048.99	4,393,842.53	40,477,219.75
Non-current liabilities	–	5,000,000.00	–
Total liabilities	38,768,048.99	9,393,842.53	40,477,219.75
Operating income	2,435,803.18	501,939.64	23,263,781.24
Net profit	721,659.39	437,726.68	362,233.38
Total comprehensive income	721,659.39	437,726.68	362,233.38
Cash flow from operating activities	-10,271,748.80	-5,175,156.01	-23,087,875.14

Continued:

Item	Opening balance/ amount in the previous period Hefei Xuntong Huizhong Information Technology Co., Ltd.	Opening balance/ amount in the previous period Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	Opening balance/ amount in the previous period Ningxia Xunzhong Intelligent Technology Co., Ltd.
Current assets	27,674,293.32	7,541,828.97	33,315,774.95
Non-current assets	556,889.80	98,010.03	587,086.24
Total assets	28,231,183.12	7,639,839.00	33,902,861.19
Current liabilities	28,190,106.48	7,666,975.79	33,630,585.57
Non-current liabilities	–	–	–
Total liabilities	28,190,106.48	7,666,975.79	33,630,585.57
Operating income	1,328,118.98	454,875.79	935,423.47
Net profit	-1,689,362.72	-57,136.79	-787,724.38
Total comprehensive income	-1,689,362.72	-57,136.79	-787,724.38
Cash flow from operating activities	4,084,987.53	105,678.95	334,180.83

(II) Interests in joint venture arrangements or associates

1. Summarized financial information of insignificant joint ventures and associates

Item	**Closing balance/ amount in the current period**	Opening balance/ amount in the previous period
Associates:		
Total carrying amount of investments		
The total of the following in proportion to their shareholdings	–	–
Net profit		-29,853.45
Other comprehensive income		
Total comprehensive income		-29,853.45

IX. GOVERNMENT GRANTS

(I) Government grants recognized as receivables as at the end of the Reporting Period

As of December 31, 2025, the Company had no government grants that are recognized as receivables.

(II) Government grants included in profit or loss for the period

Subsidy item	Accounting subjects	Amount in the current period	Amount in the previous period	Related to assets/ related to income
Amortisation of deferred income	Other income			Related to assets
Subsidy for small and medium-sized enterprise development guidance fund	Other income		2,700,000.00	Related to income
Subsidy from Chaoyangyuan Management Committee	Other income	3,300,000.00	300,000.00	Related to income
Industrial policy support	Other income		200,000.00	Related to income
Deyang Jingyang Hi-tech Industrial Park Subsidy	Other income		160,000.00	Related to income
Subsidy from Development and Reform Commission of Yaohai District, Hefei City	Other income		100,000.00	Related to income
"Laying the Foundation and Expanding Capacity" Subsidy by Zhongguancun Science Park Management Committee	Other income	100,000.00		Related to income
Subsidy for entry into the Four Above standard	Other income	220,000.00		Related to income
Subsidies for stabilizing and expanding posts	Other income	5,351.02	4,567.53	Related to income
Others	Other income	235,500.00	199,152.11	Related to income
Total		3,860,851.02	3,663,719.64	

X. DISCLOSURE OF RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's main financial instruments include monetary funds, equity investment, loans, receivables, payables, etc. It faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below:

The Board of Directors is responsible for planning and establishing the risk management structure of the Company, formulating the risk management policy and related guidelines of the Company and supervising the implementation of risk management measures. The Company has established risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly define specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to determine whether to update the risk management policy and system. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The internal audit department of the Company are responsible for (i) collecting data on risks related to all departments' operation and function; (ii) preparing auditing reports for the review of our Audit Committee; (iii) proposing appropriate measures in response to our risk exposure where necessary; and (iv) continuously monitoring major risks related to our operations. The internal audit department will conduct an annual comprehensive review of the Company's risk management and internal control system at the end of each year, covering the past 12 months. The Company diversifies financial instruments risks through appropriate diversification of investments and business portfolios, and reduces risks concentrated in a single industry, specific region or specific counterparty by formulating corresponding risk management policy.

(I) Various risks arising from financial instruments

1. Credit risk

Credit risk refers to the risk that the Company will incur financial losses due to the failure of the counterparty to fulfill its contractual obligations. The Management has formulated appropriate credit policies and continuously monitors the exposure of these credit risks.

The Company has adopted a policy of only dealing with the creditworthy counterparties. In addition, the Company evaluates the credit qualifications of customers and sets corresponding credit periods based on the financial status of customers, the possibility of obtaining guarantees from third parties, credit records and other factors such as the current market conditions. The Company continuously monitors the balance and recovery of notes receivable and accounts receivable. For customers with poor credit records, the Company will use written reminders, shorten the credit period or cancel the credit period to ensure that the Company will not face significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have made adequate provision for expected credit losses.

The Company's other financial assets include monetary funds and other receivables. The credit risk of these financial assets arises from the default of the counterparty, and the maximum credit risk exposure is the book value of each financial asset in the balance sheet. The Company has not provided for any other guarantees which may expose the Company to credit risk.

The monetary funds held by the Company are primarily deposited in financial institutions such as state-owned banks and other large and medium-sized commercial banks. The Management considers these commercial banks to have high creditworthiness and sound asset conditions, with no significant credit risks, and thus no material losses are expected to arise from default of the counterparty. The Company's policy is to control the amount of deposits held with each well-known financial institution based on its market reputation, size of operation and financial background, so as to limit the amount of credit risk arising from any single financial institution.

As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rate for different aging periods based on historical data, and considers the current and future economic conditions to adjust the expected loss rate, such as the national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information.

As of December 31, 2025, the book balance of relevant assets and expected credit impairment losses are as follows:

Item	Book balance	Bad-debt provision
Accounts receivable	658,799,768.90	57,118,342.21
Other receivables	90,343,677.97	26,035,961.67
Total	749,143,446.87	83,154,303.88

Given the Company's accounts receivable risks are distributed among multiple partners and multiple customers, as of December 31, 2025, 23.58% (December 31, 2024: 19.72%) of the Company's accounts receivable were from the top five customers. The Company does not have significant concentration of credit risk.

The maximum credit risk the Company is exposed to is the book value of each financial asset in the balance sheet.

2. Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligations to settle by delivery of cash or other financial assets. The member enterprises under the Company are responsible for their own cash flows forecast. The financial department under the Company continuously monitors the short-term and long-term capital requirements of the Company at the company level based on the cash flow forecast results of each member enterprise to ensure that sufficient cash reserves are maintained; at the same time, it has continuously monitored whether the provisions of the borrowing agreement are met, and obtains commitments from major financial institutions to provide sufficient standby funds to meet the needs of short-term and long-term funding. In addition, the Company enters into a credit line facility agreement with its principal correspondent bank to support the Company's performance of its obligations in relation to commercial paper. As of December 31, 2025, the Company has obtained bank credit lines from a number of domestic banks amounting to RMB429 million, of which, credit amount utilized was RMB365.95 million.

As of December 31, 2025, the maturity analysis of the Company's financial liabilities based on undiscounted remaining contractual cash flows is presented as follows:

	Closing balance				
Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	316,360,085.25				316,360,085.25
Accounts payable	173,038,890.32				173,038,890.32
Other payables	70,446,812.80				70,446,812.80
Non-current liabilities due within one year	9,734,293.84				9,734,293.84
Long-term borrowings		5,150,000.00	14,800,000.00		19,950,000.00
Lease liabilities		346,271.53			346,271.53
Subtotal of non-derivative financial liabilities	569,580,082.21	5,496,271.53	14,800,000.00		589,876,353.74
Derivative financial liabilities					
Financial guarantee					
Total	569,580,082.21	5,496,271.53	14,800,000.00		589,876,353.74

	Opening balance				
Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	255,292,974.25				255,292,974.25
Accounts payable	203,303,056.64				203,303,056.64
Other payables	90,129,867.39				90,129,867.39
Non-current liabilities due within one year	5,726,309.25				5,726,309.25
Long-term borrowings		5,000,000.00	5,000,000.00		10,000,000.00
Lease liabilities		3,460,026.48			3,460,026.48
Subtotal of non-derivative financial liabilities	554,452,207.53	8,460,026.48	5,000,000.00		567,912,234.01
Derivative financial liabilities					
Financial guarantee					
Total	554,452,207.53	8,460,026.48	5,000,000.00		567,912,234.01

3. Market risks

(1) Exchange rate risk

The Company's principal operations are located within China, and its main business transactions are settled in Renminbi. However, the Company's recognized foreign currency assets and liabilities, as well as future foreign currency transactions (the measurement currency for which is primarily the Hong Kong dollar), remain exposed to exchange rate risk. The Company closely monitors its foreign currency transactions and the size of its foreign currency assets and liabilities to minimize its exposure to exchange rate risk. The Company closely monitors the impact of exchange rate fluctuations on the Group.

As of December 31, 2025, the amounts in Renminbi resulting from the translation of the Company's foreign currency financial assets and foreign currency financial liabilities are as follows:

Item	Closing balance HKD item
Foreign currency financial assets:	
Monetary funds	8,603.21
Subtotal	8,603.21

(2) Price risk

Price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, which mainly arises from changes in commodity prices, stock market indices, equity instruments prices and other risk variables.

XI. FAIR VALUE

(I) Financial instruments measured at fair value

The Company presents the book value of financial assets instruments measured at fair value as of December 31, 2025 by three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest level of the three levels to which each significant input used in the measurement at fair value belongs. The three levels are defined as follows:

Level 1: the unadjusted quoted price in the active market for the same asset or liability that is obtainable on the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the relevant asset or liability;

Level 2 inputs include: 1) the quoted price of similar assets or liabilities in the active market; 2) quoted prices for identical or similar assets or liabilities in non-active markets; 3) other observable inputs other than quoted prices, including interest rate and yield curves, implied volatility and credit spreads that are observable during the normal interval of quoted prices; 4) inputs verified by the market, etc.

Level 3: unobservable inputs of the relevant assets or liabilities.

(II) Measured at fair value at the end of the period

1. Continuous measurement at fair value

	Fair value as at the end of the period			
Item	Level 1	Level 2	Level 3	Total
Other equity instrument investments				
Total assets				

(III) Valuation techniques and qualitative and quantitative information on important parameters used for items measured at fair value at Level 3 on a continuous and non-continuous basis

1. Valuation techniques and inputs description

Shenzhen Zhiyu Technology Co., Ltd. (深圳市智語科技有限公司, hereinafter referred to as "Zhiyu Technology") invested in by the Company is engaged in value-added telecommunications business. Based on the characteristics of the industry and comparable companies in the same industry, the Company adopted the market approach to evaluate the relevant equity instrument investment.

2. Information on unobservable inputs

As of December 31, 2025, Zhiyu Technology has recorded a cumulative impairment loss on investments of RMB5,000,000.00, with an impairment ratio of 100%.

3. Valuation process

For Level 3 fair value measurements, the Company has formulated valuation methods for the fair value of different items. On the balance sheet date, the investment department produces the valuation data and provides the valuation basis according to the established methods. The finance department reviews the accuracy of the valuation data of each project and conducts accounting treatment according to established methods and the valuation basis provided by the investment department.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent company of the Company

1. Description of the parent company of the Company

The Company does not have a parent company and its ultimate controlling party is Piao Shenggen, a natural person who directly holds 20.52% of the shares of the Company, and indirectly holds 0.03% of the shares of the Company through Beijing Oriental Huagai Venture Capital Co., Ltd., making a total of 20.56% of the shares of the Company.

(II) For details of the Company's subsidiaries, please refer to Note VIII. (I) Interests in subsidiaries

(III) Joint ventures and associates of the Company

For details of the Company's significant joint ventures or associates, please refer to Note VIII. (II) Interests in joint venture arrangements or associates.

Other joint ventures or associates that have related party transactions with the Company in the current period, or have related party transactions with the Company in the previous period to form balances are as follows:

Name of joint venture or associate	Relationship with the Company
Liaoning Zhilian Xintong Internet Service Co., Ltd.	Associate of the Company

(IV) Other related parties

Names of other related parties	Relationships between other related parties and the Company
Mo'an Information Technology (Beijing) Co., Ltd.	An enterprise in which Li Xiaoyong, the general manager of Beijing Jishihui Technology Co., Ltd., our wholly-owned subsidiary, holds shares and has significant influence
Chen Limei	The executive director and general manager of Anhui Xunzhong Communication Technology Co., Ltd., Zunyi Xuntong Huizhong City Operation and Management Co., Ltd. (遵義訊通惠眾城市運營管理有限公司), Ma'anshan Lingxun Information Technology Co., Ltd. (馬鞍山靈訊信息科技有限公司), subsidiaries of the Company; chairman of Hefei Xuntong Huizhong Information Technology Co., Ltd., a subsidiary of the Company; executive director of Xuzhou Xuntong Network Communication Technology Co., Ltd., Jiangsu Shaoyan Information Technology Co., Ltd., subsidiaries of the Company; general manager of Jiangsu Hongluo Network Technology Co., Ltd. and Anhui Yuhe Shutong Intelligent Technology Co., Ltd., subsidiaries of the Company

(V) Related party transactions

1. *For subsidiaries under common control that are included in the Company's consolidated financial statements, their mutual transactions and parent-subsidiary transactions have been offset.*

2. *Related-party transactions involving the purchase of goods or the receipt of services*

Nil

3. *Related party guarantees*

(1) The Company as the guaranteed party

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Outstanding borrowings at the end of the period:				
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首創融資擔保有限公司), counter-guaranteed by Piao Shenggen	3,000,000.00	March 25, 2025	March 25, 2026	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	2,000,000.00	December 26, 2025	December 26, 2026	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd.	1,500,000.00	May 13, 2025	May 13, 2026	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd.	5,000,000.00	September 16, 2025	September 16, 2026	No
Co-borrower: Piao Shenggen	10,000,000.00	October 15, 2025	October 15, 2026	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	10,000,000.00	November 26, 2025	November 26, 2026	No

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Guaranteed by Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. (北京中關村科技融資擔保有限公司), counter-guaranteed by Piao Shenggen	10,000,000.00	January 26, 2025	January 26, 2026	No
Guaranteed by Beijing Shichuang Tongsheng Financing Guarantee Co., Ltd. (北京石創同盛融資擔保有限公司); counter-guaranteed by Beijing Xunzhong Communication Technology Limited and Piao Shenggen	10,000,000.00	April 18, 2025	April 17, 2026	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	10,000,000.00	December 29, 2025	December 29, 2026	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首創融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	June 24, 2025	June 23, 2026	No
Guaranteed by Chen Limei, Piao Shenggen, Hefei Xingtai Technology Financing Guarantee Co., Ltd. (合肥市興泰科技融資擔保有限公司); counter-guaranteed by Beijing Xunzhong Communication Technology Limited, Piao Shenggen, Chen Limei	3,500,000.00	June 9, 2025	June 8, 2026	No
Piao Shenggen; Intellectual property pledge	2,000,000.00	July 24, 2025	July 24, 2026	No
Primary guarantee provided by Piao Shenggen, and joint and several guarantee provided by Hefei Medium and Small Enterprise Credit Guarantee Co., Ltd.; counter-guaranteed by Piao Shenggen and Beijing Xunzhong Communication Technology Limited	2,000,000.00	August 13, 2025	August 13, 2026	No

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Piao Shenggen	5,000,000.00	September 25, 2025	May 30, 2026	No
Piao Shenggen	5,000,000.00	June 30, 2025	June 29, 2026	No
Piao Shenggen	4,000,000.00	March 31, 2025	March 31, 2026	No
Piao Shenggen	5,000,000.00	April 29, 2025	April 29, 2026	No
Piao Shenggen	5,000,000.00	June 3, 2025	April 29, 2026	No
Piao Shenggen	1,385,700.00	June 18, 2025	June 17, 2026	No
Piao Shenggen	2,114,300.00	June 17, 2025	June 16, 2026	No
Piao Shenggen	16,000,000.00	June 5, 2025	June 4, 2026	No
Piao Shenggen	6,000,000.00	August 13, 2025	February 3, 2026	No
Piao Shenggen	4,650,000.00	January 17, 2025	January 16, 2026	No
Piao Shenggen	3,800,000.00	February 20, 2025	February 20, 2026	No
Piao Shenggen	1,550,000.00	March 18, 2025	March 18, 2026	No
Piao Shenggen	20,000,000.00	August 4, 2025	August 4, 2026	No
Piao Shenggen	10,000,000.00	October 21, 2025	October 21, 2026	No
Piao Shenggen	6,000,000.00	March 12, 2025	March 11, 2026	No
Piao Shenggen	10,000,000.00	March 13, 2025	March 12, 2026	No
Piao Shenggen	10,000,000.00	August 19, 2025	August 18, 2026	No
Piao Shenggen	5,000,000.00	October 24, 2025	April 23, 2026	No
Piao Shenggen	5,000,000.00	November 5, 2025	April 30, 2026	No
Piao Shenggen	10,000,000.00	September 30, 2025	March 21, 2026	No
Piao Shenggen	10,000,000.00	October 22, 2025	October 22, 2026	No
Piao Shenggen	13,000,000.00	September 30, 2025	August 28, 2026	No
Piao Shenggen	17,000,000.00	October 21, 2025	August 28, 2026	No
Piao Shenggen	30,000,000.00	August 1, 2025	July 31, 2026	No
Piao Shenggen	10,000,000.00	March 12, 2025	March 11, 2026	No
Piao Shenggen	20,000,000.00	August 1, 2025	January 30, 2026	No
Piao Shenggen	10,000,000.00	December 19, 2025	December 17, 2026	No

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Beijing Xunzhong Communication Technology Limited	5,000,000.00	November 17, 2025	November 16, 2028	No
Co-borrower: Yue Duanpu	10,000,000.00	March 6, 2025	March 6, 2028	No
Co-borrower: Piao Shenggen	5,000,000.00	September 25, 2023	September 25, 2026	No
Co-borrower: Piao Shenggen	5,000,000.00	December 3, 2024	December 3, 2027	No
Beijing Xunzhong Communication Technology Co., Ltd., Beijing Yunxun Science and Technology Co., Ltd.	15,000,000.00	March 26, 2025	March 26, 2027	No
Loans repaid this period:				
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首創融資擔保有限公司), counter-guaranteed by Piao Shenggen	3,000,000.00	March 26, 2024	March 26, 2025	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首創融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	May 15, 2024	May 15, 2025	No
Piao Shenggen	10,000,000.00	September 19, 2024	September 19, 2025	No
Piao Shenggen, Beijing Guohua Liberal Arts Financing Guarantee Co., Ltd. (北京國華文科融資擔保有限公司)	7,000,000.00	October 30, 2024	October 29, 2025	No
Co-borrower: Piao Shenggen	10,000,000.00	November 8, 2024	November 8, 2025	No
Piao Shenggen	10,000,000.00	November 27, 2024	November 27, 2025	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	10,000,000.00	June 27, 2025	December 27, 2025	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首創融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	June 24, 2024	June 24, 2025	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	3,000,000.00	September 27, 2024	September 27, 2025	No
Piao Shenggen	5,000,000.00	March 28, 2025	September 27, 2025	No
Piao Shenggen	20,000,000.00	June 7, 2024	June 5, 2025	No
Piao Shenggen	5,000,000.00	November 29, 2024	May 29, 2025	No
Piao Shenggen	10,000,000.00	November 18, 2024	May 16, 2025	No
Piao Shenggen	10,000,000.00	November 29, 2024	November 28, 2025	No
Piao Shenggen	4,000,000.00	May 28, 2025	November 28, 2025	No

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Piao Shenggen	4,000,000.00	November 27, 2024	May 27, 2025	No
Piao Shenggen	20,000,000.00	May 9, 2024	May 12, 2025	No
Piao Shenggen	10,000,000.00	October 28, 2024	October 28, 2025	No
Piao Shenggen	5,000,000.00	March 1, 2024	February 28, 2025	No
Piao Shenggen	20,000,000.00	February 5, 2024	February 4, 2025	No
Piao Shenggen	20,000,000.00	September 18, 2024	March 13, 2025	No
Piao Shenggen	5,000,000.00	May 9, 2025	November 4, 2025	No
Piao Shenggen	15,000,000.00	April 23, 2025	October 22, 2025	No
Piao Shenggen	5,000,000.00	September 23, 2024	September 23, 2025	No
Piao Shenggen	15,000,000.00	March 29, 2024	March 29, 2025	No
Piao Shenggen	10,000,000.00	August 5, 2024	August 5, 2025	No
Piao Shenggen	5,000,000.00	January 19, 2024	January 17, 2025	No
Piao Shenggen	10,000,000.00	September 19, 2024	September 16, 2025	No
Piao Shenggen	5,000,000.00	June 27, 2024	June 27, 2025	No
Piao Shenggen	20,000,000.00	June 23, 2025	December 19, 2025	No
Piao Shenggen	20,000,000.00	December 23, 2024	June 20, 2025	No
Piao Shenggen	10,000,000.00	March 18, 2024	March 10, 2025	No
Piao Shenggen	10,000,000.00	February 2, 2024	February 1, 2025	No

4. Receivables from and payables to related parties

(1) The Company's receivables from related parties

Item name	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Prepayments					
	Liaoning Zhilian Xintong Internet Service Co., Ltd.	314,848.30	314,848.30	314,848.30	314,848.30
Other receivables					
	Liaoning Zhilian Xintong Internet Service Co., Ltd.	300,000.00	300,000.00	300,000.00	300,000.00

(2) The Company's payables to related parties

Item name	Related parties	Closing balance	Opening balance
Other payables			
	Piao Shenggen	15,000,000.00	

XIII. COMMITMENTS AND CONTINGENCIES

(I) Major commitments

As of December 31, 2025, the Company and its subsidiaries had established 26 subsidiaries including Jiangsu Hongluo Network Technology Co., Ltd., and subscribed capital contribution of RMB204,250,000.00 to 16 of these subsidiaries in total. To date, the Company has paid in RMB50,457,301.00, leaving a remaining unpaid balance of RMB153,792,699.00. Pursuant to the agreement, the payment of the remaining capital contribution shall be completed before the time limit stipulated in the articles of association of each subsidiary (sub-subsidiary), and the source of funds shall be its own funds. This event may result in an increase of RMB153,792,699.00 in future cash outflow. The details are as follows:

No.	Name of subsidiary	Subscribed capital contribution	Percentage of subscribed capital contribution	Capital contribution as of December 31, 2025		Closing date for remaining capital contribution as stipulated in the Articles of Association
				Paid-in capital contribution	Unpaid contributions	
1	Jiangsu Hongluo Network Technology Co., Ltd.	10,000,000.00	100%	2,532,700.00	7,467,300.00	2030-3-31
2	Beijing Xunzhong IOT Information Technology Co., Ltd.	10,000,000.00	100%	31,300.00	9,968,700.00	2029-8-13
3	Jiangsu Huashao Communication Technology Co., Ltd.	10,000,000.00	100%	8,123,900.00	1,876,100.00	2047-1-5
4	Liaoning Xunzhong Communication Technology Service Co., Ltd.	10,000,000.00	100%	721,500.00	9,278,500.00	2052-11-17
5	Ma'anshan Lingxun Information Technology Co., Ltd.	600,000.00	60%	20,001.00	579,999.00	2025-1-14
6	Beijing Dingshu Information Technology Co., Ltd.	10,000,000.00	100%	8,699,000.00	1,301,000.00	2032-11-13
7	Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	50,000,000.00	100%	4,113,000.00	45,887,000.00	2043-5-5
8	Sichuan Xunzhong Communication Technology Co., Ltd.	10,000,000.00	100%	5,850,500.00	4,149,500.00	2042-4-5

No.	Name of subsidiary	Subscribed capital contribution	Percentage of subscribed capital contribution	Capital contribution as of December 31, 2025		Closing date for remaining capital contribution as stipulated in the Articles of Association
				Paid-in capital contribution	Unpaid contributions	
9	Beijing Xunjie Suanwang Technology Co., Ltd.	10,000,000.00	100%	7,579,900.00	2,420,100.00	2046-11-20
10	Xuzhou Xuntong Network Communication Technology Co., Ltd.	6,100,000.00	61%	575,000.00	5,525,000.00	2042-6-30
11	Yingkou Huali Daxing Technology Co., Ltd.	7,000,000.00	70%	42,000.00	6,958,000.00	2034-11-1
12	Zunyi Dike Data Consulting Co., Ltd.	10,000,000.00	100%	9,142,000.00	858,000.00	2048-1-1
13	Zunyi Xuntong Huizhong City Operation and Management Co., Ltd.	9,000,000.00	90%	2,856,500.00	6,143,500.00	2029-6-30
14	Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd.	10,000,000.00	100%	170,000.00	9,830,000.00	2030-10-19
15	Jiangsu Xunguang Information Technology Co., Ltd.	39,000,000.00	100%	-	39,000,000.00	2030-11-6
16	Anhui Yuhe Shutong Intelligent Technology Co., Ltd.	2,550,000.00	51%	-	2,550,000.00	2030-12-24
	Total	204,250,000.00		50,457,301.00	153,792,699.00	

Except for the above matters, the Company had no other major commitments that need to be disclosed.

(II) Major contingencies on the balance sheet date

From October 2024 through the date of approval and issuance of this financial report, the Company has been involved in two legal proceedings with Beijing Yakang Huanyu Technology Co., Ltd. and Beijing Yunxi Technology Co., Ltd. arising from contractual disputes; the matters in question were related to the sale and purchase of computing module products. The funds in the Company's primary bank account and general bank accounts have been frozen as a result of the litigation.

XIV. POST BALANCE SHEET EVENTS

(I) Major non-adjusting events

As of the date of approval and issuance of these financial statements, the Company had no material post-balance-sheet events that are required to be disclosed but have not been disclosed.

(II) Notes to other post balance sheet events

The Company's first 2026 extraordinary general meeting held on March 20, 2026 has considered and approved the proposal to withdraw the application for the initial public offering of domestic shares to unspecified qualified investors and listing on the Beijing Stock Exchange, as well as the proposal to voluntarily apply for the delisting of its domestic shares from the National Equities Exchange and Quotations (NEEQ). The actual timing and progress of the delisting are subject to approval by the NEEQ. Save as disclosed above, there were no other post balance sheet events as of the date of approval and issuance of this financial report.

XV. NOTES ON OTHER SIGNIFICANT EVENTS

(I) Segment information

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting system. An operating segment of the Company is a component that simultaneously meet the following conditions:

(1) It can generate revenue and incur expenses in ordinary course of business;

(2) Its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the component and to assess its performance;

(3) Relevant accounting information is available regarding its financial position, operating results, and cash flows.

The Company identifies its reportable segments based on its operating segments. An operating segment is identified as a reportable segment if it meets one of the following thresholds:

(1) Its segment revenue is 10% or more of the combined revenue of all operating segments;

(2) The absolute amount of its segment profit or loss is 10% or more of the greater, in absolute terms, of the combined profit of all operating segments that reported a profit, or the combined loss of all operating segments that reported a loss.

The Company has a single line of business, primarily providing value-added telecommunication services. The Management manages and evaluates the operating results of this business as a whole. Therefore, no segment information is presented in these financial statements.

(II) Other significant transactions and matters

1. Remuneration of directors, supervisors and senior management

Item	Amount in the current period			
	Salaries, allowances and bonuses	Including: Bonus	Pension, supplementary medical and other benefit expenses	Total remuneration
Directors:				
Piao Shenggen	728,855.56	88,655.56	40,258.00	769,113.56
Wang Peide	753,281.08	201,965.56	19,800.00	773,081.08
Zhang Zhishan	307,975.00	-	3,459.00	311,434.00
Yue Duanpu	973,084.23	224,398.51	30,358.00	1,003,442.23
Chen Jing	468,031.56	41,310.00	14,280.86	482,312.42
Independent directors:				
Xiang Ligang	102,000.00			102,000.00
Sun Qiang	102,000.00			102,000.00
Su Zile	102,000.00			102,000.00
Supervisors:				
Jiang Hongyan	434,509.13	112,370.56	15,319.00	449,828.13
Guo Dawei	515,967.55	95,266.20	15,304.00	531,271.55
Zhang Wen	690,420.74	255,365.56	22,744.00	713,164.74
Senior management:				
Hu Jun	859,227.82	103,279.01	27,883.00	887,110.82
Total	6,037,352.67	1,122,610.96	189,405.86	6,226,758.53

Note: The Company abolished the Supervisory Committee in October 2025. The remuneration for supervisors in this period covered the period from January to September 2025.

Note: The Remuneration and Assessment Committee is responsible for formulating, reviewing and advising the Board on the remuneration policies and packages for Directors and senior management of the Company ("**remuneration**" shall include but not limited to all salaries, bonuses, allowances, benefits (in cash or in kind), pensions, compensations (including compensation payable in respect of loss or termination of office or appointment), options and gifting of shares).

Continued:

	Amount in the previous period			
Item	Salaries, allowances and bonuses	Including: Bonus	Pension, supplementary medical and other benefit expenses	Total remuneration
Directors:				
Piao Shenggen	682,566.00	–	40,236.00	722,802.00
Wang Peide	1,437,781.93	695,872.87	19,800.00	1,457,581.93
Zhang Zhishan	537,552.00	180,000.00	20,436.00	557,988.00
Yue Duanpu	793,466.15	–	30,336.00	823,802.15
Chen Jing	292,953.14	49,000.00	8,024.21	300,977.35
Independent directors:				
Xiang Ligang	102,000.00			102,000.00
Sun Qiang	102,000.00			102,000.00
Su Zile	102,000.00			102,000.00
Supervisors:				
Jiang Hongyan	474,594.08	83,000.00	20,436.00	495,030.08
Guo Dawei	1,098,558.69	510,185.98	20,436.00	1,118,994.69
Zhang Wen	847,471.37	144,000.00	30,336.00	877,807.37
Senior management:				
Hu Jun	816,165.30	–	30,336.00	846,501.30
Total fees and other emoluments	7,287,108.66	1,662,058.85	220,376.21	7,507,484.87

Note: Ms. Chen Jing was appointed as a director of the Company on June 21, 2024.

2. Five highest paid individuals

Among the top five highest paid individuals of the Company for this year, 4 are directors, supervisors and senior management (previous year: 4), whose remuneration is reflected in this note "XV. 1. Remuneration Of Directors, Supervisors And Senior Management". The remaining 1 individual (previous year: 1) is not director, supervisor and senior management, whose remuneration amounted to RMB852,559.77 (previous year: RMB973,363.72). Details of their remuneration are disclosed below:

Item	Amount in the current period	Amount in the previous period
Salaries, allowances and bonuses	832,101.77	952,927.72
Among: bonuses	6,114.81	–
Pension, supplementary medical and other benefit expenses	20,458.00	20,436.00
Total	852,559.77	973,363.72

The number of the above individuals who are not directors or supervisors by remuneration is summarized below:

Item	Number of individuals in the current period	Number of individuals in the previous period
Nil to RMB800,000	1	–
RMB800,001 to RMB1,000,000	–	1
Total	1	1

No Director waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the Directors or the Five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

Note 1. Accounts receivable

1. *Disclosure of accounts receivable by age*

Age	Closing balance	Opening balance
Within 1 year	340,323,379.66	361,895,884.46
1 to 2 years	82,938,298.87	35,184,780.01
2 to 3 years	3,031,263.50	5,644,778.98
3 to 4 years	671,935.21	1,073,983.95
4 to 5 years	1,073,983.95	1,164,662.66
More than 5 years	4,577,388.32	3,534,953.48
Subtotal	432,616,249.51	408,499,043.54
Less: provision for bad debts	32,838,385.89	29,717,463.96
Total	399,777,863.62	378,781,579.58

2. *Classified disclosure by bad debt provision accrual method*

	Closing balance				
	Book balance		Bad-debt provision		
Type	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	4,612,814.28	1.07	4,612,814.28	100.00	-
Provision for bad debts on a portfolio basis	428,003,435.23	98.93	28,225,571.61	6.59	399,777,863.62
Including: aging portfolio	428,003,435.23	98.93	28,225,571.61	6.59	399,777,863.62
The group of related parties within the scope of consolidation					
Total	432,616,249.51	100.00	32,838,385.89	-	399,777,863.62

Continued:

	Opening balance				
	Book balance		Bad-debt provision		
Type	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	Book value
Provision for bad debts on an individual basis	4,645,697.22	1.14	4,645,697.22	100.00	
Provision for bad debts on a portfolio basis	403,853,346.32	98.86	25,071,766.74	6.21	378,781,579.58
Including: aging portfolio	403,853,346.32	98.86	25,071,766.74	6.21	378,781,579.58
The group of related parties within the scope of consolidation					
Total	408,499,043.54	100.00	29,717,463.96		378,781,579.58

Provision for bad debts on a portfolio basis

(1) Aging portfolio

	Closing balance		
Age	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	340,323,379.66	17,016,168.98	5.00
1 to 2 years	82,938,298.87	8,293,829.89	10.00
2 to 3 years	2,003,777.82	400,755.56	20.00
3 to 4 years	291,746.16	87,523.85	30.00
4 to 5 years	37,878.79	18,939.40	50.00
More than 5 years	2,408,353.93	2,408,353.93	100.00
Total	428,003,435.23	28,225,571.61	

Continued:

Age	Opening balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	361,895,884.46	18,094,794.22	5.00
1 to 2 years	34,155,432.73	3,415,543.27	10.00
2 to 3 years	5,264,589.93	1,052,917.99	20.00
3 to 4 years	37,878.79	11,363.64	30.00
4 to 5 years	4,825.58	2,412.79	50.00
More than 5 years	2,494,734.83	2,494,734.83	100.00
Total	403,853,346.32	25,071,766.74	

(2) Provision for bad debts on an individual basis

Entity name	Closing balance			
	Book balance	Bad-debt provision	Withdrawal Percentage (%)	Reasons for Withdrawal
No. 1	931,886.08	931,886.08	100	Expected to be uncollectible
No. 2	800,000.00	800,000.00	100	Expected to be uncollectible
No. 3	484,546.48	484,546.48	100	Expected to be uncollectible
No. 4	317,351.07	317,351.07	100	Expected to be uncollectible
No. 5	258,003.44	258,003.44	100	Expected to be uncollectible
Others	1,821,027.21	1,821,027.21	100	Expected to be uncollectible
Total	4,612,814.28	4,612,814.28	100	

Continued:

Entity name	Book balance	Opening balance Bad-debt provision	Withdrawal Percentage (%)	Reasons for Withdrawal
No. 1	931,886.08	931,886.08	100	Expected to be uncollectible
No. 2	801,861.60	801,861.60	100	Expected to be uncollectible
No. 3	484,546.48	484,546.48	100	Expected to be uncollectible
No. 4	317,351.07	317,351.07	100	Expected to be uncollectible
No. 5	258,003.44	258,003.44	100	Expected to be uncollectible
Others	1,852,048.55	1,852,048.55	100	Expected to be uncollectible
Total	4,645,697.22	4,645,697.22	100	

3. *Provision for bad debts accrued, recovered or reversed in the current period*

Type	Opening balance	Change in the current period Provision	Recovery or reversal	Write-off	Other changes	Closing balance
Provision for bad debts on an individual basis	4,645,697.22	841,206.48	874,089.42			4,612,814.28
Provision for bad debts on a portfolio basis	25,071,766.74	3,153,804.87				28,225,571.61
Including: aging portfolio	25,071,766.74	3,153,804.87				28,225,571.61
The group of related parties within the scope of consolidation						
Total	29,717,463.96	3,995,011.35	874,089.42			32,838,385.89

4. Top five accounts receivable and contract assets in terms of closing balance collected by the debtor

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total amount of closing balance of accounts receivable and contract assets (%)	Balance of provision for bad debts of accounts receivable and impairment of contract assets
Aggregate amount of the closing balance of the top five accounts receivable and contract assets	140,317,118.26		140,317,118.26	32.43	8,755,627.76

5. No accounts receivable derecognized due to transfer of financial assets in the current period

6. No assets and liabilities arising from transfer of accounts receivables and continuous involvement in the current period

Note 2. Other receivables

1. Disclosure of other receivables by age

Age	Closing balance	Opening balance
Within 1 year	253,847,373.09	504,269,239.67
1 to 2 years	88,811,141.20	21,066,360.13
2 to 3 years	13,040,434.70	30,651,352.03
3 to 4 years	8,959,444.52	501,368.57
4 to 5 years	443,988.67	10,000.00
More than 5 years	1,026,488.00	1,012,085.59
Subtotal	366,128,870.18	557,510,405.99
Less: provision for bad debts	24,950,147.29	23,191,683.35
Total	341,178,722.89	534,318,722.64

2. Classification by nature of payment

Nature of payment	Book balance as at the end of the period	Book balance as at the beginning of the period
Deposit and security deposit	24,031,407.70	5,026,004.10
Current accounts	64,231,252.27	54,080,000.00
Others	406,041.62	93,162.50
Transactions between related parties within the scope of consolidation	277,460,168.59	498,311,239.39
Subtotal	366,128,870.18	557,510,405.99
Less: provision for bad debts	24,950,147.29	23,191,683.35
Total	341,178,722.89	534,318,722.64

3. Classified disclosure by bad debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on an individual basis	54,173,161.81	14.80	21,725,161.81	40.10	32,448,000.00
Provision for bad debts on a portfolio basis	311,955,708.37	85.20	3,224,985.48	1.03	308,730,722.89
Including: aging portfolio	34,495,539.78	9.42	3,224,985.48	9.35	31,270,554.30
The group of related parties within the scope of consolidation	277,460,168.59	75.78			277,460,168.59
Total	557,510,405.99	100.00	24,950,147.29		341,178,722.89

Continued:

	Opening balance				
	Book balance		Bad-debt provision		Book value
Type	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on an individual basis	54,173,161.81	9.72	21,725,161.81	40.10	32,448,000.00
Provision for bad debts on a portfolio basis	503,337,244.18	90.28	1,466,521.54	0.29	501,870,722.64
Including: aging portfolio	5,026,004.79	0.90	1,466,521.54	29.18	3,559,483.25
The group of related parties within the scope of consolidation	498,311,239.39	89.38			498,311,239.39
Total	557,510,405.99	100.00	23,191,683.35		534,318,722.64

Provision for bad debts on a portfolio basis

(1) Aging portfolio

	Closing balance		
Age	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	30,299,365.35	1,514,968.27	5.00
1 to 2 years	660,916.50	66,091.65	10.00
2 to 3 years	1,615,163.30	323,032.66	20.00
3 to 4 years	670,772.12	201,231.64	30.00
4 to 5 years	259,322.51	129,661.26	50.00
More than 5 years	990,000.00	990,000.00	100.00
Total	34,495,539.78	3,224,985.48	

The provision for bad debts made according to the general model of expected credit losses

Bad-debt provision	First stage Expected credit loss for the next 12 months	Second stage Expected credit loss during the entire duration (without credit impairment)	Third stage Expected credit loss during the entire duration (with credit impairment)	Total
Opening balance	1,466,521.54		21,725,161.81	23,191,683.35
Opening balance in the current period	–	–	–	–
– Transfer to the second stage				
– Transfer to the third stage				
– Reversal to the second stage				
– Reversal to the first stage				
Provision in the current period	1,758,463.94			1,758,463.94
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Closing balance	3,224,985.48		21,725,161.81	24,950,147.29

4. Provision for bad debts accrued, recovered or reversed in the current period

Type	Opening balance	Provision	Change in the current period: Recovery or reversal	Change in the current period: Charge-off or write-off	Change in the current period: Other changes	Closing balance
Provision for bad debts on an individual basis	21,725,161.81					21,725,161.81
Provision for bad debts on a portfolio basis	1,466,521.54	1,758,463.94				3,224,985.48
Including: Aging portfolio	1,466,521.54	1,758,463.94				3,224,985.48
The group of related parties within the scope of consolidation						
Total	23,191,683.35	1,758,463.94				24,950,147.29

5. Top five other receivables in terms of closing balance collected by the debtor

Entity name	Closing balance	Proportion in the closing balance of other receivables (%)	Closing balance of bad-debt provision
Aggregate amount of the closing balance of the top five other receivables	335,256,154.70	91.57	22,139,562.61

6. No other receivables related to government grants during the current period

7. There were no other receivables derecognized due to the transfer of financial assets during the current period

8. No assets and liabilities arising from the transfer of other receivables and their continuing involvement in the current period

Note 3. Long-term equity investments

Nature of payment	Closing balance Book balance	Closing balance Impairment provision	Closing balance Book value	Opening balance Book balance	Opening balance Impairment provision	Opening balance Book value
Investment in subsidiaries	232,017,509.20	7,686,394.10	224,331,115.10	125,803,429.10	7,686,394.10	118,117,035.00
Investment in associates and joint ventures						
Total	232,017,509.20	7,686,394.10	224,331,115.10	125,803,429.10	7,686,394.10	118,117,035.00

1. Investment in subsidiaries

Investee	Initial investment cost	Opening balance (Book value)	Opening balance of impairment provision	Increase/decrease in the current period: Increase in the current period	Decrease in the current period	Provision for impairment in the current period	Others	Closing balance (Book value)	Closing balance of impairment provision
Beijing Yunxun Science and Technology Co., Ltd.	50,000,000.00	10,000,000.00		40,000,000.00				50,000,000.00	
Beijing Zhongmai Communication Technology Co., Ltd.	50,000,000.00	10,000,000.00		40,000,000.00				50,000,000.00	
Beijing Jishihui Technology Co., Ltd.	20,000,000.00	20,000,000.00						20,000,000.00	
Beijing Dingshu Information Technology Co., Ltd.	8,649,000.00	8,046,000.00		603,000.00				8,649,000.00	
Yingkou Huali Daxing Technology Co., Ltd.	7,686,394.10		7,686,394.10						7,686,394.10
Zunyi Dike Data Consulting Co., Ltd.	9,142,000.00	6,300,000.00		2,842,000.00				9,142,000.00	
Beijing Yunyan Tianchuang Technology Co., Ltd.	10,160,000.00	10,160,000.00						10,160,000.00	
Jiangsu Shaoyan Information Technology Co., Ltd.	10,300,000.00	10,300,000.00						10,300,000.00	
Beijing Xunjie Suanwang Technology Co., Ltd.	7,879,900.00	7,671,000.00		208,900.00				7,879,900.00	

Investee	Initial investment cost	Opening balance (Book value)	Opening balance of impairment provision	Increase/decrease in the current period: Increase in the current period	Increase/decrease in the current period: Decrease in the current period	Increase/decrease in the current period: Provision for impairment in the current period	Increase/decrease in the current period: Others	Closing balance (Book value)	Closing balance of impairment provision
Jiangsu Hongluo Network Technology Co., Ltd.	2,782,700.00	2,753,000.00		29,700.00				2,782,700.00	
Jiangsu Huashao Communication Technology Co., Ltd.	8,373,900.00	4,802,000.00		3,571,900.00				8,373,900.00	
Chuangyin Future (Beijing) Information Technology Co., Ltd.	10,250,000.00	8,153,000.00		2,097,000.00				10,250,000.00	
Anhui Xunzhong Communication Technology Co., Ltd.	10,000,000.00	6,481,035.00		3,518,965.00				10,000,000.00	
Sichuan Xunzhong Communication Technology Co., Ltd.	5,850,500.00	4,645,000.00		1,205,500.00				5,850,500.00	
Hefei Xuntong Huizhong Information Technology Co., Ltd.	8,323,200.00	4,070,000.00		4,253,200.00				8,323,200.00	
Liaoning Xunzhong Communication Technology Service Co., Ltd.	721,500.00	510,000.00		211,500.00				721,500.00	
Xuzhou Xuntong Network Communication Technology Co., Ltd.	575,000.00	510,000.00		65,000.00				575,000.00	
Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	4,113,000.00	2,951,000.00		1,162,000.00				4,113,000.00	
Beijing Xunzhong IOT Information Technology Co., Ltd.	31,300.00	5,000.00		26,300.00				31,300.00	
Ningxia Xunzhong Intelligent Technology Co., Ltd.	7,000,000.00	760,000.00		6,240,000.00				7,000,000.00	
Xunzhong Future Communication Technology Limited	9,115.10			9,115.10				9,115.10	
Xunzhong Zhiyan (Shenzhen) Technology Co., Ltd.	170,000.00			170,000.00				170,000.00	
Total	232,017,509.20	118,117,035.00	7,686,394.10	106,214,080.10				224,331,115.10	7,686,394.10

Note 4. Operating income and operating costs

1. *Operating income, operating costs*

Item	Amount in the current period		Amount in the previous period	
	Income	Cost	Income	Cost
Primary business	751,762,841.46	622,767,423.98	561,722,594.61	456,919,422.66
Total	751,762,841.46	622,767,423.98	561,722,594.61	456,919,422.66

XVII. SUPPLEMENTARY INFORMATION

(I) Non-recurring gains and losses

1. *Breakdown of current non-recurring gains and losses*

Item	Amount	Explanation
Gains and loss from the disposal of non-current assets (including the written off part for which provision for asset impairment has been made)	154,280.61	
Government grants included in the current profit and loss, except those closely related to the Company's normal operations, conforming to the State policies and regulations, enjoyed persistently in line with certain standard ratings or rations, and having a lasting impact on the Company's profit and loss	3,860,851.02	
Reversal of provision for receivables subject to independent impairment test	874,089.42	
Non-operating income and expenses other than those mentioned above	-656,703.60	
Other profit and loss items that meet the definition of non-recurring profit and loss		
Less: effect of income tax	631,662.55	
Effect of non-controlling interests (after tax)	83,547.91	
Total	3,517,306.99	

(II) Net return on assets and earnings per share

Profit for the Reporting Period	Weighted average net return on assets (%)	Earnings per share Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.99	0.69	0.69
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	6.65	0.65	0.65