THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **ETHK Labs Inc.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

ETHK Labs

华检医疗（1931.HK）

ETHK Labs Inc.

華檢醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1931)

MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE TARGET SHARES
AND ENTRUSTMENT ARRANGEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of the Company to be held physically at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 27 July 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

This circular together with the proxy form for use at the extraordinary general meeting are published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.ivd.xyz).

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so wish and in such event the form of proxy shall be deemed to be revoked.

30 June 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Target Shares by the Company from the Vendor pursuant to the Share Transfer Agreement with the entrustment of voting rights pursuant to the First Voting Rights Entrusted Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	means a day (other than Saturday, Sunday and days on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
"BVI"	the British Virgin Islands
"China" or the "PRC"	the People's Republic of China, and for the purpose of this circular only, except where the context requires otherwise, excluding Hong Kong and Macau Special Administrative Region of the People's Republic of China, and Taiwan
"Company"	ETHK Labs Inc., formerly known as IVD Medical Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability and its shares listed on the Stock Exchange (Stock Code: 1931)
"Completion"	the completion of the Acquisition in accordance with the terms and conditions set out in the Share Transfer Agreement
"Conditions Precedent"	conditions precedent to the Completion as set out under the paragraph headed "Conditions Precedent of the Share Transfer Agreement"
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration in the amount of approximately RMB500,000,000 for the Acquisition
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened and held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 27 July 2026 at 3:00 p.m. for the Shareholders to consider, and if thought fit, to approve and ratify the Share Transfer Agreement, the First Voting Rights Entrusted Agreement and the Second Voting Rights Entrusted Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Acquisition upon the Completion
"Entrustment Arrangement"	the entrustment of the voting rights to the Purchase under the First Voting Rights Entrusted Agreement and the Second Voting Rights Entrusted Agreement
"First Voting Rights Entrusted Agreement"	the first voting rights entrusted agreement entered into between the Purchaser and the Vendor on 12 November 2025
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
"Latest Practicable Date"	30 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Private Fund"	Jinfuyuan (Hainan) Private Equity Fund Management Partnership (Limited Partnership)*(錦福源(海南)私募基金管理合夥企業(有限合夥)) a limited partnership established and existing in accordance with the PRC laws
"Purchaser"	Hangzhou Better Smart Investment Management Consulting Partnership (Limited Partnership)*(杭州更好智投管理諮詢合夥企業(有限合夥), a limited partnership established and existing in accordance with the PRC laws, a wholly-owned subsidiary of the Company

"RMB"	Renminbi, the lawful currency of China
"Second Voting Rights Entrusted Agreement"	the second voting rights entrusted agreement entered into between the Purchaser and the Private Fund on 14 November 2025
"SFO"	the Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share Transfer Agreement"	the share transfer agreement entered into between the Purchaser and the Vendor on 12 November 2025
"Share(s)"	the ordinary shares in the issued share capital of the Company, in the par value of US$0.0005
"Shareholders"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"SZSE"	Shenzhen Stock Exchange
"Target Company" or "B-Soft"	B-Soft Co., Ltd. *(創業慧康科技股份有限公司), a joint stock company incorporated and duly established under the laws of China, and is listed on the ChiNext of the SZSE (stock code: 300451)
"Target Group"	the Target Company and its subsidiaries
"Target Shares"	96,525,096 A shares of the Target Company, representing 6.23% of the total issued share capital of the Target Company as at the Latest Practicable Date, to be transferred by the Vendor to the Company pursuant to the Share Transfer Agreement
"Vendor"	Mr. Ge Hang, one of the substantial shareholders of the Target Company
"%"	per cent.

ETHK Labs
华检医疗（1931.HK）

ETHK Labs Inc.
華檢醫療控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1931)

Executive Director:
Mr. Lin Xianya
Mr. Chan Siu Kei Ken
Ms. Yi Xiao

Non-executive Directors:
Ms. Yao Haiyun
Mr. Liu Fei

Independent Non-executive Directors:
Dr. Zhong Renqian
Mr. Xu Da
Mr. Zhang Jianlei

Registered Office:
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Headquarters and Principal Place of Business in Chinese Mainland:
Room 602, Building 6
Lane 299, Bisheng Road
Zhangjiang Hi-Tech Park
Pudong New Area District
Shanghai, China

Principal Place of Business in Hong Kong:
Room 1703, Grandtech Centre
8 On Ping Street, Sha Tin
Hong Kong

30 June 2026

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET SHARES AND ENTRUSTMENT ARRANGEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 16 November 2025 and 11 March 2026 in relation to the Acquisition and the Entrustment Arrangement. On 12 November 2025, the Purchaser, a subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally

agreed to sell the Target Shares, representing 6.23% of the total issued share capital of the Target Company as at the date of the Share Transfer Agreement, at a Consideration of RMB500,000,000. On the same day, the Purchaser entered into the First Voting Rights Entrusted Agreement with the Vendor, pursuant to which the Vendor has agreed to entrust its voting rights attached to 155,780,282 A shares (including the Target Shares) of the Target Company, representing 10.66% of the total issued share capital of the Target Company as at the date hereof, to the Purchaser with effect from 12 November 2025. On 14 November 2025, the Purchaser and the Private Fund has entered into the Second Voting Rights Entrusted Agreement, pursuant to which the Private Fund has agreed to entrust its voting rights attached to 40,000,000 A shares of the Target Company, representing 2.58% of the total issued share capital of the Target Company as at the date hereof, to the Purchaser with effect from 14 November 2025.

Completion of the Acquisition has taken place on 11 February 2026. Immediately following completion of the Acquisition and as at the effective date of the Entrustment Arrangement, the Purchaser held voting rights of an aggregate of 195,780,282 A shares of the Target Company, representing 12.64% of the total issued share capital of the Target Company. The Purchaser will also be entitled to nominate a majority of the board of directors of the Target Company, and appoint its chairman and legal representative upon completion of the Acquisition. Accordingly, the Target Company will become a subsidiary of the Company, and the financial results of the Target Group will be consolidated into the Group's consolidated financial statements.

The purpose of this circular is to provide you with, among other things, (i) further information on the Share Transfer Agreement, the First Voting Rights Entrusted Agreement, the Second Voting Rights Entrusted Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; and (iv) a notice convening the EGM.

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out as follows:

Date

12 November 2025

Parties

(i) The Purchaser; and

(ii) The Vendor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor is an Independent Third Party.

Subject matter

The issued shares of the Target Company are A shares listed on the SZSE. Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell 96,525,096 A shares of the Target Company, representing 6.23% of the total issued share capital of the Target Company as at the date of the Share Transfer Agreement.

During the period from the date of the Share Transfer Agreement to the date of the completion of the transfer of the Target Shares, in the event of any ex-rights event in the Target Company, such as bonus issue, conversion of capital reserves into share capital, rights issue, the number of Target Shares to be transferred and the price of the Target Shares will be adjusted in accordance with the applicable laws and regulations. The proportion of the Target Shares will remain unchanged.

Escrow accounts

The Vendor, the creditor of the Vendor corresponding to the pledged shares to be transferred, the Purchaser, and the bank (or as actually implemented) (collectively as the "**Escrow Account Parties**") shall jointly open one bank escrow account (the "**First Escrow Account**") in the name of the Purchaser to receive the first and second installments of the Consideration. The Vendor, the Purchaser and the bank (or as actually implemented) shall jointly open another bank escrow account (the "**Second Escrow Account**") in the name of the Purchaser to receive the third installment of the Consideration.

The Escrow Account Parties agree that all expenses incurred in opening and maintaining the escrow accounts shall be borne by the Purchaser. Within 5 trading days from the date of full release of the Consideration in accordance with the Share Transfer Agreement, the relevant Escrow Account Parties shall cooperate in closing the escrow accounts, and any remaining funds (including interest) in the escrow account shall belong to the Purchaser.

Consideration and payment

The total Consideration for the Acquisition is RMB500,000,000, which equals to the price of RMB5.18 per Target Share multiplied by the number of 96,526,096 Target Shares.

The price per Target Share (i.e. RMB5.18) was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms, with reference to (i) the current and historical trading prices of the shares of the Target Company as quoted on the SZSE; and (ii) the relevant PRC statutory requirements in respect of the transfer price of the Target Shares, i.e., the price of the Target Shares for the Acquisition shall not be lower than 80% of the closing price of the Target Shares on the last trading day preceding the date of the Share Transfer Agreement. For illustrative purposes only, the closing price of the Target Shares as at the last trading day immediately preceding the date of the Share Transfer Agreement (7 November 2025) as quoted on SZSE is RMB5.18 per share. The price of the Target Shares for the Acquisition is RMB5.18 per Target Share, which is same as the closing price of the Target Shares on 7 November 2025. Please refer to the section headed "Reasons for and Benefits of the Acquisition and the Entrustment Arrangement" of this circular for other considerations as mentioned above in determining the price.

The total Consideration of RMB500,000,000 for the Acquisition shall be funded by internal resources of the Group or a bank loan related to the Acquisition.

The Consideration for the Acquisition shall be settled by the Purchaser in cash in four installments as follows:

(1) Payment of the first installment: 31% of the Consideration for the Acquisition, being RMB155,000,000, shall be paid by the Purchaser to the First Escrow Account within five (5) Business Days from the date when the conditions precedent of the first instalment of the Consideration as set out in the Share Transfer Agreement are satisfied or with the waiver from the Purchaser which mainly include (i) the board of directors of the Target Company has approved the Acquisition; and (ii) upon obtaining proof of the release of the pledge and freeze status of the underlying shares of the Target Company corresponding to the payment, the bank will automatically and immediately release the first installment of the Consideration to the corresponding creditor;

(2) Payment of the second installment: 34% of the Consideration for the Acquisition, being RMB170,000,000, shall be paid by the Purchaser to the First Escrow Account within five (5) Business Days from the date when the conditions precedent of the second instalment of the Consideration as set out in the Share Transfer Agreement are satisfied which mainly include (i) the Purchaser completed the due diligence on the Target Company; (ii) the Acquisition is approved by the shareholders of the Target Company during the shareholders' meeting of the Target Company; (iii) The State Administration for Market Regulation of the PRC government has issued an approval or consent not to conduct further review regarding the anti-monopoly reviews of business concentration involved in this Acquisition, and such approval or consent decision is unconditional; and (iv) the confirmation regarding the approval of the Acquisition from the SZSE;

(3) Payment of the third installment: 25% of the Consideration for the Acquisition, being RMB125,000,000, shall be paid by the Purchaser to the Second Escrow Account within five (5) Business Days from the date when the conditions precedent of the third instalment of the Consideration as set out in the Share Transfer Agreement are satisfied which mainly include (i) the satisfaction of the condition precedents of the first and second instalments and remain valid up to the date of the settlement of the third instalment; and (ii) after the registration of the transfer of all 96,525,096 shares of the Target Company to the Purchaser's A-share securities account has been completed with China Securities Depository and Clearing Corporation Limited ("**CSDC**"), and the Vendor has provided the Purchaser with the corresponding transfer registration confirmation issued by CSDC, the escrow bank shall immediately release the third installment to the Vendor; and

(4) Payment of the fourth installment: 10% of the Consideration for the Acquisition, being RMB50,000,000, shall be paid by the Purchaser to the Vendor designated bank account within five (5) Business Days from the date when the conditions precedent of the fourth instalment of the Consideration as set out in the Share Transfer Agreement are satisfied which mainly include the board of directors of the Target Company has been re-elected as requested by the Purchaser, and the Purchaser controls a majority of the board seats. However, if the board re-election process cannot proceed as scheduled due to reasons attributable to the Purchaser, the condition precedent of the fourth instalment shall be deemed to still be met.

Conditions Precedent of the Share Transfer Agreement

The Acquisition is conditional upon the following conditions being fulfilled (or waived, where applicable):

(a) The conditions for payment and release of the Consideration stipulated in the respective clauses of the Share Transfer Agreement have been met;

(b) All representations and warranties made by the Vendor in the Share Transfer Agreement regarding the Vendor, the Target Group are legally valid, true, accurate, and not misleading, and all covenants and agreements to be complied with or performed by the Vendor under the Share Transfer Agreement have been duly complied with or performed in all material respects as at the date of the Share Transfer Agreement and up to the date of Completion;

(c) The business operations of the Target Group are being conducted in the ordinary course, and no material adverse change has occurred in their financial condition, assets, or business that would materially affect its normal operations;

(d) There is no applicable laws, rules and regulations in Hong Kong, BVI, PRC, Cayman Islands, or any relevant jurisdictions prohibiting, restricting or imposing conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or import conditions or limitations on the consummation of the Acquisition and/or the transactions contemplated under the Share Transfer Agreement;

(e) all requisite consents, approvals, waivers and authorisations from any relevant government departments or authorities (including but not limited to the SZSE), regulatory authorities or other relevant third parties (whether in Hong Kong, the PRC or elsewhere) having been obtained by the Vendor and the Target Company (where applicable); and

(f) The Purchaser has completed its financial, legal, and other due diligence on the Target Group, and the results thereof are not materially inconsistent with the information disclosed by the Target Company or the Vendor to the Purchaser, nor do they reveal any matter that would materially adversely affect the Acquisition.

The Parties shall make their best efforts to ensure that all conditions precedent to the Acquisition are satisfied within 12 months following the signing of the Share Transfer Agreement. If the Parties are unable to agree on an extension by 12 November 2026 (the "**Long Stop Date**"), or if the conditions for the Acquisition remain unsatisfied, the Acquisition shall be terminated with Parties being restored to their pre-transaction positions, and neither Party shall bear any liability to the other. However, if due to subjective reasons attributable to either Party, the aforementioned conditions precedent are not satisfied within 12 months following the signing of the Share Transfer Agreement, the non-breaching Party shall have the right to terminate the Share Transfer Agreement and the breaching Party shall be obligated to pay liquidated damages to the non-breaching Party.

The Vendor and the Purchaser may, in writing, waive in whole or in part any of the Conditions Precedent contemplated under (b), (c) and (f) above. Other than the aforesaid, none of the Conditions Precedent may be waived.

If any of the Conditions Precedent is not fulfilled (or as the case may be, waived) on or before the Long Stop Date, or such later date as the parties to the Share Transfer Agreement may agree in writing, the Share Transfer Agreement shall be terminated, and all rights, obligations and liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Share Transfer Agreement.

Completion

The Acquisition shall be deemed to be completed on the date when the transfer registration of the 96,525,096 shares of the Target Company to the Purchaser's A-share securities account is completed and the Board has completed its reorganization.

As at the Latest Practicable Date, all Conditions Precedent have been fulfilled and completion of the Acquisition has taken place on 10 April 2026. The Purchaser has finalized the nomination of candidates for the board of directors of the Target Company. With their appointment as directors on 10 April 2026, the Purchaser gained control over the majority composition of the Target Company's board of directors.

Termination or rescission

The Share Transfer Agreement may be terminated by the Purchaser if any of the following circumstances occur, and if none of the foregoing circumstances are remedied or eliminated within fifteen (15) trading days after the Purchaser gives written notice to the Vendor:

(1) If any event or circumstance occurs between the date of signing the Share Transfer Agreement and the completion of the Acquisition that materially and adversely affects the Acquisition or renders any of the conditions under the Share Transfer Agreement for payment or release of the Consideration unfulfilled; or if the share pledge under the Share Transfer Agreement is not promptly transferred to the Purchaser; except where such conditions are unfulfilled due to the Purchaser's breach of the Share Transfer Agreement;

(2) If, between the date of signing the Share Transfer Agreement and the completion of the Acquisition, any representation or warranty made by the Vendor in the transaction documents is materially untrue or inaccurate, or if the Vendor materially breaches any undertaking or agreement in the transaction documents;

(3) The Target Company is subject to circumstances that may cause or result in the Company's failure to meet the legal requirements for issuing shares to specific targets; and

(4) The Vendor and/or the Target Company fail to cooperate with due diligence, or the results of the Purchaser's due diligence have a material adverse effect and the parties cannot reach an agreement on a solution to the material issues.

The Share Transfer Agreement may be terminated by the Vendor under any of the following circumstances:

(1) If, between the date of signing the Share Transfer Agreement and the date of full payment and release of the Consideration, any representation or warranty of the Purchaser contained in the transaction documents is untrue or inaccurate in any material respect, or the Purchaser materially breaches any undertaking or agreement in the transaction documents, and such situation is not remedied or eliminated within fifteen (15) trading days after the Vendor gives written notice, either Vendor may terminate the Share Transfer Agreement; and

(2) If the Purchaser fails to pay the Consideration to the escrow accounts designated by the Vendor within the period stipulated in the Share Transfer Agreement, or if the Purchaser intentionally obstructs the release of funds from the escrow accounts when the relevant condition precedents are met, and the Purchaser still fails to pay/release the funds within fifteen (15) trading days after the Vendor gives written notice, unless the failure to pay/release the Consideration within the aforementioned period is caused or resulting from such Vendor's breach of its obligations or responsibilities under the transaction documents.

The Share Transfer Agreement may be terminated by either the Purchaser or the Vendor under any of the following circumstances:

(1) If, between the date of the Share Transfer Agreement and the completion of the Acquisition, any competent authority issues an order, decree, or ruling, or takes any other action that restricts, prevents, or otherwise prohibits the material implementation of the Acquisition, either party may terminate the Share Transfer Agreement;

(2) If any the conditions precedent of the instalments of the Share Transfer Agreement is not satisfied by the Long Stop Date, either party shall have the right to terminate the Share Transfer Agreement unless the parties agree to extend the Long Stop Date; however, if the failure to satisfy the conditions precedent of the instalments on or before that date is due to or caused by a party's breach of its obligations or responsibilities under the transaction documents, the breaching party shall not have the right to terminate the Share Transfer Agreement; and

(3) the Share Transfer Agreement may be terminated by the mutual written consent of the parties.

Right to nominate directors of the Target Company

The parties to the Share Transfer Agreement confirm that, upon the completion of the Acquisition, the Target Company's board of directors will consist of eleven members, including: six non-independent directors, four independent directors, and one employee representative director. Specifically: (i) the four non-independent directors and two independent directors shall be nominated by the Purchaser; (ii) upon completion of the Acquisition, the chairman and legal representative of the Target Company shall both be nominated by the Purchaser.

Within sixty (60) trading days after the registration date of the transfer of the Target Shares, or as soon as the parties may confirm, the parties shall, in accordance with the Share Transfer Agreement, promptly complete the following:

(i) The Vendor shall cause the resignation of all six board members of the Target Company (including four non-independent directors and two independent directors) within sixty (60) trading days after the registration date of the transfer, or as soon as the parties may confirm; and

(ii) The parties shall, in accordance with applicable law and the articles of association of the Target Company, promptly propose to convene a board meeting and a shareholders' meeting of the Target Company, and take all necessary actions, including: voting in favor of the aforementioned matters (and causing the nominated directors) when the shareholders' meeting and the board of directors of the Target Company consider the candidates for directors, chairman, legal representative, and general manager nominated and/or recommended by the Parties, and the relevant amendments to the articles of association and corporate governance of the Target Company, so as to achieve: (A) the appointment of persons designated by the Purchaser as directors, chairman, and legal representative of the Target Company, and (B) The Target Company's shareholders' meeting shall review and approve the amended articles of association and other corporate governance-related systems to fully reflect the corporate governance structure stipulated in the Share Transfer Agreement.

THE FIRST VOTING RIGHTS ENTRUSTED AGREEMENT

The principal terms of the Frist Voting Rights Entrusted Agreement are set out as follows:

Date

12 November 2025

Parties

(iii) The Purchaser; and

(iv) The Vendor.

Subject matter

The Vendor has voluntarily and irrevocably entrusted the Purchaser to, with effect from 12 November 2025, exercise the voting rights in respect of the Target Company, being the 155,780,282 A shares (including the Target Shares) of the Target Company, then directly held by the Vendor, representing 10.66% of the total issued share capital of the Target Company as at the Latest Practicable Date. Pursuant to the First Entrusted Agreement, the Purchaser shall have the right to exercise voting rights over the entrusted shares, including the right to convene meetings, and the right to nominate proposals. The Vendor shall promptly settle any outstanding debts after deducting relevant taxes and fees (if any) from any consideration received from the Purchaser to ensure the stability of the voting rights entrustment obtained by the Purchaser.

For the avoidance of doubt, the Vendor shall continue to own the entrusted shares (save for the Target Shares upon completion of the Acquisition) as the sole legal and beneficial owner, and shall continue to be entitled to the dividends, distributions and other rights to dispose attached to the said shares.

No consideration is payable by the contracting parties under the First Voting Rights Entrusted Agreement.

The term of the voting rights entrustment shall commence from the date of the First Voting Rights Entrusted Agreement and end on the earlier of the following:

(i) the date on which the Purchaser obtains the Target Company's issued shares through a private placement and acquires control of the Target Company;

(ii) the date on which the Vendor or his successors no longer directly or indirectly hold any shares in the Target Company;

(iii) the date on which both parties mutually agree to terminate the First Voting Rights Entrusted Agreement; or

(iv) the date on which the relevant transaction is terminated as explicitly stipulated by laws, regulations, regulatory authorities, or the Share Transfer Agreement.

The Vendor and the Purchaser confirm that during the abovementioned period of the voting rights entrustment, the Vendor and the Purchaser shall act as parties in concert in relation to shares of the Target Company.

THE SECOND VOTING RIGHTS ENTRUSTED AGREEMENT

The principal terms of the Second Voting Rights Entrusted Agreement are set out as follows:

Date

14 November 2025

Parties

(v) The Purchaser; and

(vi) The Private Fund.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, the Private Fund and its ultimate beneficial owners are Independent Third Parties.

Subject matter

The Private Fund has voluntarily and irrevocably entrusted the Purchaser to, with effect from 14 November 2025, exercise the voting rights in respect of the Target Company, being the 40,000,000 A shares of the Target Company, directly held by the Private Fund, representing 2.58% of the total issued share capital of the Target Company as at the Latest Practicable Date. Pursuant to the Second Entrusted Agreement, the Purchaser shall have the right to exercise voting rights over the entrusted shares, including the right to convene meetings, and the right to nominate proposals.

No consideration is payable by the contracting parties under the Second Voting Rights Entrusted Agreement.

The term of the voting rights entrustment shall commence from the date of the Second Voting Rights Entrusted Agreement and end on the earlier of the following:

(i) the date on which the Purchaser obtains the Target Company's issued shares through a private placement and acquires control of the Target Company, provided that the termination of the entrustment does not affect the Purchaser's control over the Target Company;

(ii) the date on which both parties mutually agree to terminate the Second Voting Rights Entrusted Agreement; or

(iii) the date on which the relevant transaction is terminated as explicitly stipulated by laws, regulations, regulatory authorities, or the Share Transfer Agreement.

The Private Fund and the Purchaser confirm that during the abovementioned period of the voting rights entrustment, the Private Fund and the Purchaser shall act as parties in concert in relation to shares of the Target Company.

FINANCIAL IMPACTS OF THE ACQUISITION AND THE ENTRUSTMENT ARRANGEMENT

Immediately following completion of the Acquisition and as at the effective date of the Entrustment Arrangement, the Purchaser held voting rights of an aggregate of 195,780,282 A shares of the Target Company, representing 12.64% of the total issued share capital of the Target Company. After the adjustment to the composition of the board of directors of the Target Company, the board of directors of the Target Company will consist of eleven directors, more than half of the directors of the Target Company shall be nominated by the Purchaser. Therefore, the Purchaser will be entitled to have majority directorships on the board of directors of the Target Company and will be able to exercise substantial influence on the passing of resolutions of the board of directors of the Target Company. The Target Company, accordingly, will be deemed as a subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

Earnings

For the year ended 31 December 2025, the audited combined revenue and profit after tax of the Group was approximately RMB2,821 million and RMB37.4 million, respectively. Assuming that Completion had taken place by 31 December 2025, the revenue and loss after tax of the Enlarged Group for the year ending 31 December 2025 would have been approximately RMB3,872 million and RMB(353) million,

As the financial results of the Target Group will be consolidated with those of the Group upon Completion, the financial performance of the Enlarged Group will be affected by the operating performance of the Target Group after Completion. The Acquisition is expected to contribute towards broadening the revenue and earnings base for the Enlarged Group in the future.

Further details of the financial effect of the Acquisition together with the bases in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix IV to this circular.

Assets and liabilities

As at 31 December 2025, the audited total assets and liabilities of the Company amounted to approximately RMB5,935 million and RMB2,924 million, respectively. Assuming that the Closing had taken place on 31 December 2025, the unaudited pro forma total assets and total liabilities of the Enlarged Group would have increased to approximately RMB14,665 million and RMB4,129 million, respectively as a result of the Acquisition.

INFORMATION ON THE PARTIES

The Group

The Group is a leading distributor of IVD products in the PRC. The Group is also engaged in the research, development, manufacturing and sales of its self-branded IVD products.

The Purchaser

The Purchaser is a limited partnership established and existing in accordance with the PRC laws, a wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment consultation.

The Vendor

Mr. Ge Hang, the Vendor, is a merchant, one of the substantial shareholders of the Target Company and an Independent Third Party.

The Private Fund

The Private Fund is a limited partnership established and existing in accordance with the laws of the People's Republic of China. The Private Fund is principally engaged in equity investment. The general partner of the Private Fund is Mr. Liu Rui. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Private Fund and its ultimate beneficial owners, Mr. Cui Jianhua and Mr. Liu Rui, who indirectly hold approximately 61% and 39% of the partnership interests in the Private Fund respectively, are Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Vendor; (b) the Private Fund and its ultimate beneficial owners who can exert influence on the transaction; and (c) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

INFORMATION ON THE TARGET GROUP

The Target Company is a joint stock limited company incorporated in the PRC, and is listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300451). The Target Company focuses on information technology services and innovation in the medical and health field. Its products cover various smart scenarios including smart healthcare, smart sanitation, medical insurance, health, and elderly care. Headquartered in Hangzhou, the Target Company has over 40 branches nationwide, covering more than 30 provinces, autonomous regions, and municipalities, serving nearly 7,000 users. Since launching its "Huikang Cloud" *(「**慧康雲**」) overall cloud transformation and development strategy in 2021, the Target Company has transformed from a traditional IT information product service provider into a technology cloud ecosystem enterprise, truly forming a cloud ecosystem value supply chain in the medical and health information industry, and becoming a leading force in the PRC.

The following financial information has been extracted from the annual reports of the Target Group for the two financial years ended 31 December 2025 and 31 December 2024 (prepared in accordance with the China Accounting Standards for Business Enterprises):

	For the year ended 31 December 2024 (audited) *(RMB'000)*	**For the year ended 31 December 2025** (audited) *(RMB'000)*
Revenue	1,422,645	1,051,722
Loss before tax	(161,518)	(415,556)
Loss after tax	(167,331)	(390,455)
Net assets	4,473,460	4,073,113

As at 31 December 2024 and 31 December 2025, the net asset value per Target Share were approximately respectively RMB2.89 and RMB2.63.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE ENTRUSTMENT ARRANGEMENT

The Board has identified clear, actionable and commercially grounded synergies expected to enhance the combined Group's value. These synergies arise from the complementary business models, data assets, market presence and ecosystem positioning of the Group and B-Soft.

(i) Business Complementarity and Integration

The Group's core business in in-vitro diagnostics ("**IVD**") products and its extensive distribution network are highly complementary to B-Soft's strength in healthcare information technology ("**HIT**"). This combination enables the creation of integrated diagnostic-clinical management solutions. Specifically, the Company's diagnostic data can be seamlessly interfaced with B-Soft's clinical systems to form a closed-loop data ecosystem. This integration is expected to increase customer retention, create significant cross-selling opportunities.

(ii) Data and Algorithm Empowerment

B-Soft possesses a vast repository of structured clinical data accumulated from serving approximately 7,000 medical institutions. This dataset provides an unparalleled foundation for training, validating, and iterating the Group's proprietary AI algorithms related to diagnostic support and clinical pathway optimization. Conversely, the Group's advanced AI capabilities can be embedded into B-Soft's existing and future product suites, elevating their intelligence, functionality, and market competitiveness. This bidirectional empowerment is designed to accelerate the development of a leading "clinical intelligence platform" covering the full patient journey from diagnosis to treatment.

(iii) Channel and Network

The Group's established IVD distribution network, which covers over 1,700 tertiary hospitals in the PRC, presents a direct channel for the rapid commercialization and deployment of B-Soft's AI-driven HIT solutions. Conversely, B-Soft's nationwide presence through more than 40 branches provides additional touchpoints for promoting the Group's IVD diagnostic products. This channel synergy is expected to reduce customer acquisition costs, accelerate market penetration for both product lines, and drive revenue growth.

(iv) R&D and Innovation

Both entities have established partnerships with leading academic institutions, such as Zhejiang University. The integration will facilitate the consolidation of R&D efforts, shared access to research partnerships, and collaborative development of next-generation IVD and AI+healthcare technologies. This combined innovation engine aims to strengthen the Group's long-term intellectual property portfolio and sustain its technological leadership.

(v) Capital and Ecosystem

Upon consolidation, B-Soft will be integrated into the Group's "IVD Ecosystem", which represents the Group's existing operating and deployment framework for hospital customers, rather than a standalone new business or platform. The IVD Ecosystem is designed to organise and coordinate the Group's IVD products, healthcare information technology solutions and related AI-enabled applications in a structured manner when serving public medical institutions. Within this framework, B-Soft will serve as the core healthcare information technology and hospital information system layer, through which clinical workflows, laboratory processes and data standards are managed at hospital level. As hospitals typically rely on their existing information systems as the primary interface for adopting new diagnostic tools and digital solutions, B-Soft's systems function as the essential integration layer that enables the Group's IVD products and AI applications to be embedded into routine clinical and management workflows. Accordingly, B-Soft plays a central and non-substitutable role within the IVD Ecosystem by providing the system-level infrastructure through which other portfolio companies' products and solutions are implemented, connected and scaled across hospital customers. Other portfolio companies within the ecosystem primarily contribute complementary technologies or products, while B-Soft provides the platform through which such technologies are operationalised in clinical settings.

Through this integration, the Group expects to improve operation efficiency, enhance customer stickiness and facilitate scalable deployment across its hospital network. In parallel, B-Soft is expected to benefit from coordinated access to the Group's technical resources, distribution channels and customer base. For AI products that subsequently achieve stable cash flow generation, the Group's intellectual property securitisation capabilities may be utilised as an additional financing tool to support further development, subject to market conditions.

(vi) Financial Performance of the Target Group and Explanation of Increased Loss

The Target Group recorded a loss after tax of approximately RMB390.5 million for the year ended 31 December 2025, compared to a loss of approximately RMB167.3 million for the year ended 31 December 2024, representing an increase in loss of approximately RMB223.2 million. The increase in loss was primarily attributable to the following factors:

a. Industry-wide pressure and delayed customer procurement. During the year, the healthcare information technology industry experienced a phased adjustment. Hospital customers generally compressed or postponed their informatisation budgets, resulting in delayed project tendering and implementation, which in turn led to a decline in the Target Company's revenue.

b. Market competition and margin compression. As new technologies such as AI, big data and data elements gained traction, the healthcare IT sector attracted new entrants including internet giants, telecom operators and AI technology companies. Such players adopted strategic pricing to capture market share, putting pressure on project gross margins and further compressing profitability.

c. Continued high R&D investment in AI strategy. The Target Company intensified its strategic investment in artificial intelligence, focusing on advanced application scenarios such as clinical decision support systems (CDSS), intelligent medical record quality control and precision patient management. The R&D expenditure remained at a high level amid declining revenue, which exacerbated the pressure on the profit side.

d. Goodwill impairment. Affected by intensified industry competition, certain subsidiaries of the Target Company did not meet earnings expectations. The Target Company conducted impairment tests on the goodwill of these subsidiaries and recognised an estimated goodwill impairment of approximately RMB130 million for the year.

The Board considers that the above factors are primarily industry-cyclical or non-recurring in nature. The goodwill impairment recognised during the year resulted from reassessment of valuation assumptions adopted in the impairment testing for the relevant cash-generating units acquired in the past years. For details, please refer to the paragraphs and discussions below.

(vii) One-off impairment loss impact on the operating profit

For the year ended 31 December 2025, the Target Group recognised an estimated goodwill impairment of approximately RMB100 million to RMB130 million, as disclosed in its profit warning. This impairment, together with the other factors outlined above, primarily reflected the temporary industry headwinds affecting the broader healthcare IT sector, rather than any operational deterioration specific to the Target Group.

For the year ended 31 December 2024, being the financial year prior to the Acquisition, B-Soft reported an operating loss of approximately RMB162.99 million (loss after tax of approximately RMB167.3 million), as set out in its audited consolidated financial statements. During the year, B-Soft recognised goodwill impairment of RMB101.10 million and impairment loss on trade receivables of RMB139.33 million, both of which were recognised in the income statement and reduced the reported operating profit. After excluding the goodwill impairment and impairment loss on trade receivables recognised during the year, the operating profit for the year would have been increased by approximately RMB240.43 million, resulting in an operating profit of approximately RMB77.44 million. The above amount is provided to illustrate the impact of such impairment losses on the operating profit for the year, based on the figures disclosed in the audited financial statements.

The impairment loss on trade receivables reflects a higher level of expected credit loss provisions recognised in accordance with the expected credit loss model under the applicable accounting standards. Such increase in expected credit loss provisions was mainly attributable to the extended settlement cycles commonly observed in transactions with public medical institutions, where payments are subject to internal administrative procedures, project acceptance processes and fiscal appropriation arrangements. As a result, certain trade receivables experienced lengthened ageing profiles, notwithstanding that collection remains ongoing. In assessing the expected credit loss, management adopted a more prudent approach by taking into account updated ageing analysis and forward-looking information. In long run, the Group will conduct additional measures to mitigate the risk of account receivable recoverability, The impairment only represents low possibility of collecting the trade receivables due to the economic downturns and it does not represent any write-off of trade receivables nor indicate a deterioration in the underlying recoverability of such receivables. With the Company's ongoing efforts and involvement, it is expected that the recoverability of the trade receivables will increase in the coming years.

After the B-Soft's listing, it conducted different acquisitions and mergers. If there are fluctuations in the macroeconomic environment in the future, or if the operating conditions of the acquired companies deteriorate, it may lead to the need for goodwill impairment provisions, which could negatively impact B-Soft's current profits. Additionally, there are many uncertainties regarding whether B-Soft can effectively integrate with the acquisition targets, maintain control over the acquired businesses, retain their original competitive advantages, and achieve synergies. The goodwill impairment primarily resulted from a onetime reassessment of valuation assumptions adopted in the impairment testing conducted for the relevant cash-generating units during 2024 valuation review. Such reassessment included the adoption of more conservative assumptions on the expected commencement and rollout pace of certain projects, taking into account the lengthened procurement and internal approval processes of public medical institutions. Importantly, the impairment does not arise from any recurring or structural deterioration in B-Soft's core business operations, customer base or technological capabilities.

The recoverable amount of the relevant asset groups was determined based on the present value of estimated future cash flows. In determining such recoverable amount, management applied key assumptions which were intended to reflect the expected operating environment and business outlook of the relevant asset groups, including, among others, the anticipated pace of project tendering and implementation, expected profitability profile and the risk-adjusted discount rate applied to the projected cash flows. Accordingly, the goodwill impairment recognised reflected management's reassessment of the expected timing and level of future cash generation of the relevant asset groups and the associated risk-adjusted valuation assumptions adopted as at the reporting date.

The impairment assessment was performed at the level of individual cash-generating units ("**CGUs**"). These CGUs represent the principal operating units arising from historical acquisitions and are managed as relatively distinct business platforms with separately identifiable cash inflows. While the CGUs operate in broadly similar service domains, differences in customer profiles, project execution characteristics and exposure to public sector procurement processes can be observed among the CGUs, as reflected in their respective impairment testing assumptions applied in 2024. Such impairment was recognised in respect of three CGUs, namely Zhongtuo Information, Huikang IoT and Minotech*(中拓信息, 慧康物聯網 and 美諾泰科). The impairment amounts recognised for each CGU were derived from the Group's audited financial statements and are summarised below together with the relevant background information.

Huikang IoT originated from Hangzhou Huikang IoT Technology Co., Ltd.*(杭州慧康物聯網科技有限公司), formerly known as Hangzhou Botai Information Technology Service Co., Ltd.*(杭州博泰信息技術服務有限公司), which became a subsidiary of the Group upon completion of the relevant equity transfer and registration procedures in 2017. This CGU is principally engaged in information technology services and system solutions, with a business focus on the provision of integrated technical services, system development and operational support. For the year ended 31 December 2024, goodwill impairment of approximately RMB91.00 million was recognised for this CGU, representing approximately 90.0% of the total goodwill impairment recognised during the year and constituting the principal component of the goodwill impairment recorded for the year. The relatively higher impairment mainly reflected the larger goodwill balance historically allocated to this CGU and the sensitivity of its service-oriented operations to updates in valuation assumptions adopted in the impairment testing, rather than any structural deterioration in its underlying business performance.

Minotech is a technology-oriented enterprise engaged in the development, sale and operation of healthcare information systems, with focus on providing digital healthcare and information system solutions to hospitals and other medical institutions, developed through the Group's acquisition of a controlling interest in Hangzhou Minotech Technology Co., Ltd.*(杭州美諾 泰科科技有限公司) in 2017, followed by the acquisition of the remaining equity interests in 2018. During the year goodwill impairment of approximately RMB5.46 million was recognised for this CGU, representing a relatively small portion of the total goodwill impairment recognised.

Zhongtuo Information originated from Guangdong Zhongtuo Information Technology Co., Ltd.*(廣東中拓信息技術有限公司), which the Group obtained control of in 2016 as part of a bundled acquisition. The same transaction also involved Zhongshan Lantian Computer Co., Ltd.*(中山市藍天電腦有限公司), which was subsequently deregistered in 2023, and its business was integrated into Zhongtuo Information. This CGU has historically operated in the healthcare information technology sector, providing information system-related software solutions and technical services to medical institutions, and goodwill impairment of approximately RMB4.64 million was recognised during the year, representing a limited portion of the total goodwill impairment recognised.

The Board considers that the goodwill impairment recognised was primary attributable ted to specific assumptions adopted in the impairment testing for the relevant reporting period and is not expected to recur on a regular basis nor have a continuing impact on the future business operations or cash-generating ability of B-Soft. As the impairment is one-off, it is considered that it will not impact the long-term business development of B-Soft.

Accordingly, the strategic rationale for the acquisition remains valid. The Board views the 2024 and 2025 impairments as valuation-driven adjustments rather than operational failures, and considers the strategic investments made during this period as foundational to the Target Group's future growth. The long-term strategic benefits expected from B-Soft such as strengthening the Group's hospital information technology and workflow integration capabilities, enhancing customer loyalty, and enabling ecosystem synergy – are anticipated to support sustainable value creation over time. These benefits may outweigh the impact of the impairment losses in the longer term. With the Company's ongoing efforts and involvement, it is expected that the recoverability of trade receivables and the overall financial performance of the Target Group will improve in the coming years.

PROSPECTS AFTER ACQUISITION

The Group expects B-Soft to continue to play an important role in supporting the Group's hospital information technology and digital healthcare service offerings. Building on its existing business foundation, B-Soft is expected to contribute to the Group's broader ecosystem through closer coordination with other business units and the enhancement of operational capabilities.

In order to manage integration risks and support the sustainable development of the acquired businesses, B-Soft will systematically implement a post-investment management system for acquisition targets to promote deep resource integration and maximize synergies. It will enhance overall operational efficiency through multi-dimensional resource allocation, including research and innovation, production optimization, talent development, market channel sharing, technology integration, and financial standardization. At the same time, B-Soft will focus on accumulating management experience and optimizing systems, strengthening risk control mechanisms to ensure the sustainable development capabilities of the acquired companies, effectively manage potential risks of goodwill impairment, and build a management support system for stable growth in subsequent operations.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition and the Entrustment Arrangement is more than 25% but less than 100%, the Acquisition and the Entrustment Arrangement constitute major transaction of the Company and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company initially applied 12.64% of the Target Group's financial metrics when classifying the Acquisition as a disclosable transaction in the announcement issued by the Company on 16 November 2025 (the "**Announcement**"). This initial classification was made in the context of a complex transaction that, at that time, remained subject to material uncertainties and outstanding approvals, including approval from the SZSE and relevant PRC courts, and as of the date of the Announcement, the Company had not yet appointed any directors to the board of B-Soft.

Following a full review of the Listing Rules, the Company has re-assessed the transaction classification. Upon re-calculation in strict compliance with Rule 14.28, the Company confirms that one or more of the applicable percentage ratios exceed 25% but are less than 100%, and therefore the Acquisition constitutes a major transaction under Chapter 14 of the Listing Rules.

The Board acknowledges that due to the initial interpretation of Rule 14.28, the Company has not fully complied with Rules 14.38A and 14.40 of the Listing Rules, which require the issuance of a circular and the obtaining of shareholders' approval for a major transaction. The Board confirms that the misinterpretation of specific Listing Rules provisions amidst the uncertainties of a complex cross-border transaction was not an intentional breach. The Company is committed to adhering to the Listing Rules and has taken the necessary steps to ensure compliance. As part of the remedial measures, the Company puts forward an ordinary resolution at the EGM for the Shareholders to consider and, if thought fit, approve and rectify the Acquisition and the Entrustment Arrangement.

CHRONOLOGY OF KEY EVENTS

The chronology of events in relation to the Acquisition, based on the records currently available to the Company, is set out below.

Date	Event
10 November 2025	Mr. Lin Xianya, an executive Director, entered into preliminary discussion with Mr. Ge Hang, the Vendor and the largest shareholder of the Target Company, regarding matters related to the acquisition of control over the Target Company.
12 November 2025	The Company (acted through Mr. Lin Xianya) and Mr. Ge Hang executed the Share Transfer Agreement and the First Voting Rights Entrusted Agreement.
14 November 2025	The Company (acted through Mr. Lin Xianya) entered into the Second Voting Rights Entrusted Agreement with the Private Fund.

12 – 15 November 2025	The Company (acted through the Board) reviewed the transaction terms and the draft announcement in relation to the Acquisition to be published by the Company. During this process, the Company worked with its PRC legal advisers and submitted the draft announcement and other documents to the SZSE for pre-vetting and approval, as the A shares of the Target Company are listed on the SZSE.
16 November 2025	The Company obtained approval and confirmation from the SZSE, and the Company published the Announcement.
6 February 2026	The Company obtained the approval from SZSE regarding the transfer of the Target Shares from Mr. Ge Hang to the Company.
10 February 2026	The Company completed the acquisition of the Target Shares.
End of February 2026	The Company intends to appoint the directors to the B-soft and decides to publish the supplemental announcement and circular.

Based on the above chronology, the Company reassessed the transaction classification following the Stock Exchange's enquiry and determined that, in light of the consolidation of B-Soft, the Acquisition constituted a major transaction under Chapter 14 of the Listing Rules. In this regard, the Company published a clarification announcement in relation to the Acquisition on 11 March 2026.

INTERNAL CONTROL POLICIES

The Company has implemented internal control policies and procedures to govern the identification, assessment, review and approval of notifiable transactions under Chapter 14 and 14A of the Listing Rules. Such policies and procedures include defined roles and review processes designed to ensure proper classification and compliance with the Listing Rules.

The key procedures include the following:

- Upon identification of a potential transaction, the management will notify the finance department and the company secretary department, who will assess the regulatory implications under the Listing Rules and initiate the internal review process.

- The finance department is responsible for preparing the percentage ratio calculations based on the financial information of the transaction counterparties and the Group, and documenting the basis and assumptions used in such calculations.

- The company secretary will review the percentage ratio calculations and assess the applicable transaction classification under Chapter 14 of the Listing Rules, and where appropriate, consult external legal advisers and professional advisers on the interpretation and application of the Listing Rules.

- The transaction details, together with the percentage ratio calculations and classification assessment, will be reported to senior management and the Board for review and approval prior to execution of the transaction and publication of the relevant announcement.

- Where applicable, the Company will consult external legal advisers and the Stock Exchange to confirm the appropriate classification and disclosure requirements under the Listing Rules before proceeding with the transaction.

The Company has reviewed, implemented, and enhanced its internal control procedures, including strengthening the internal review processes and providing additional training to relevant personnel on the proper application of Chapters 14 and 14A of the Listing Rules. Specifically, Jia Yuan Law Office, the Company's legal advisor as to Hong Kong law, will provide semi-annual training sessions to the Directors and relevant personnel on continuing compliance obligations under the Listing Rules. These sessions will cover the related rules and handling procedures for transactions that may fall under Chapters 14 and 14A of the Listing Rules. The first training was conducted on 29 April 2026, with the second session scheduled for October 2026.

The Board considers that, with the above procedures and enhanced measures in place, the Company has adequate internal control policies and procedures to ensure compliance with Chapter 14 of the Listing Rules and to reduce the risk of recurrence of similar non-compliance in the future.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 21 July 2026 (the extraordinary general meeting record date) will be entitled to attend and vote at the extraordinary general meeting. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 22 July 2026 to Monday, 27 July 2026, both dates inclusive, during which period no transfer of Shares will be registered. In order to eligible to attend and vote at the EGM, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 July 2026.

THE EGM

A notice convening the EGM to be held physically at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 27 July 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed to consider and, if thought fit, to approve the Share Transfer Agreement, the First Voting Rights Entrusted Agreement and the Second Voting Rights Entrusted Agreement.

A form of proxy for use at the EGM is enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy to Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 3:00 p.m. on Saturday, 25 July 2026 (Hong Kong time) or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as the case may be) should you so wish and in such event the form of proxy shall be deemed to be revoked.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and the Entrustment Arrangement and would be required to abstain from voting at the EGM.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions set out in the notice of the EGM will be taken by way of poll.

The Company will announce the results of the poll after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the terms of the Share Transfer Agreement, the First Voting Rights Entrusted Agreement and the Second Voting Rights Entrusted Agreement are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of the ordinary resolutions in respect of the Share Transfer Agreement, the First Voting Rights Entrusted Agreement and the Second Voting Rights Entrusted Agreement and the transactions contemplated thereunder to be proposed at the EGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
ETHK Labs Inc.
Lin Xianya
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 December 2023, 2024 and 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.ivd.xyz):

(i) Annual Report of the Company for the year ended 31 December 2023:
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300410.pdf

(ii) Annual Report of the Company for the year ended 31 December 2024:
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401680.pdf

(iii) Annual Report of the Company for the year ended 31 December 2025:
https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0430/2026043003354.pdf

2. INDEBTEDNESS STATEMENT

As of 30 April 2026, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding indebtedness as follows:

Borrowings

The following table sets forth the breakdown of the Group's and the Target Group's borrowings as of 30 April 2026:

	The Group *RMB'000*	The Target Group *RMB'000*
Current:		
Short-term borrowings, unsecured and guaranteed	2,228,839	–
Short-term borrowings, unsecured and unguaranteed	–	59,964
Long-term borrowings to be settled within one year, secured and guaranteed	10,500	–
Non-current:		
Long-term borrowings, secured and guaranteed	339,500	–
Total:	2,578,839	59,964

As at 30 April 2026, the Group's secured borrowings of approximately RMB350,000,000 were secured by the pledge of listed company shares held by a subsidiary of the Group.

	The Group *RMB'000*	The Target Group *RMB'000*
Current lease liabilities	14,797	1,508
Non-current lease liabilities	60,288	148
Total:	75,085	1,656

Contingent Liabilities or Guarantees

As of 30 April 2026, the Group and the Target Group did not have any outstanding material contingent liabilities and guarantees.

Save as aforesaid, or except for intra-group liabilities and normal trade payables, the Enlarged Group did not have any debt securities issued or outstanding or authorized or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

After taking into account the Enlarged Group's internal resources, cash flows from operations and available banking facilities and the effect of the Acquisition, and in the absence of unforeseeable circumstances, the Directors are of the opinion that the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Looking ahead, the global economic environment continues to face challenges as we progress through 2026. While interest rates are expected to trend downward, the extent and pace of further reductions remain uncertain. Geopolitical tensions and economic uncertainties persist, tempering the pace of global economic recovery. According to recent IMF projections, global growth is estimated at 3.2% for 2026 and 3.3% for 2027, remaining below historical averages.

In PRC, economic development has shifted to quality driven growth. GDP growth is projected to moderate to approximately 4.8% in 2026, supported by policies focused on technological innovation and emerging industries. The national "AI+" initiative and supportive policies for "AI+Healthcare and Sanitation" have established a clear policy framework for the intelligent upgrading of the healthcare industry. Driven by digital transformation of medical institutions and growing demand for intelligent diagnosis and big data applications, the AI+healthcare sector is entering a period of rapid development. As forecasted by IDC, China's hospital application software market will reach RMB35.75 billion by 2028, with a CAGR of 11.7%, with medical AI and big data segments growing even faster.

STRATEGIC SYNERGIES OF THE ACQUISITION

Upon Completion of the Acquisition and the Entrustment Arrangement, the Target Group will be consolidated as a subsidiary. The Acquisition is a strategic step to align with national industrial policies and enhance long term competitiveness. The Enlarged Group will combine the Group's leading position in IVD products distribution and proprietary AI algorithms with the Target Group's well-established strengths in healthcare information technology. The Directors believe that the complementary business models and integrated capabilities will generate substantial operational synergies:

- Business Complementarity and Integration: The integration of IVD diagnostic data with B-Soft's clinical systems will form a closed-loop data ecosystem, enabling integrated diagnostic-clinical management solutions that increase customer retention and create cross-selling opportunities.

- Data and Algorithm Empowerment: B-Soft's vast repository of structured clinical data provides an unparalleled foundation for training and iterating the Group's proprietary AI algorithms. Conversely, the Group's AI capabilities will be embedded into B-Soft's product suites–including HI-HIS, BsoftGPT and APTS – elevating their functionality and accelerating development of a leading "clinical intelligence platform".

- Channel and Network Synergy: The Group's IVD distribution network covering over 1,700 tertiary hospitals presents a direct channel for commercialising B-Soft's AI-driven solutions, while B-Soft's 40+ nationwide branches provide additional touchpoints for promoting the Group's IVD products, reducing customer acquisition costs.

- IVD Ecosystem Integration: Within the Group's "IVD Ecosystem", B-Soft will serve as the core healthcare IT infrastructure layer, enabling the Group's IVD products and AI applications to be embedded into routine clinical workflows. This scalable deployment framework enhances customer stickiness and facilitates cross-product integration across hospital customers.

PROSPECTS OF THE ENLARGED GROUP

Other than the reasons as detailed in the section headed "**REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE ENTRUSTMENT ARRANGEMENT**" in the letter from the Board in this circular, the Group expects B-Soft to continue to play an important role in supporting the Group's hospital information technology and digital healthcare service offerings. Building on its existing business foundation, B-Soft is expected to contribute to the Group's broader ecosystem through closer coordination with other business units and the enhancement of operational capabilities.

In order to manage integration risks and support the sustainable development of the acquired businesses, B-Soft will systematically implement a post-investment management system for acquisition targets to promote deep resource integration and maximize synergies. It will enhance overall operational efficiency through multi-dimensional resource allocation, including research and innovation, production optimization, talent development, market channel sharing, technology integration, and financial standardization. At the same time, B-Soft will focus on accumulating management experience and optimizing systems, strengthening risk control mechanisms to ensure the sustainable development capabilities of the acquired companies, effectively manage potential risks of goodwill impairment, and build a management support system for stable growth in subsequent operations. The integration aims to strengthen its market position in AI+healthcare, with its business model evolving from traditional project-based services towards higher-value recurring revenue streams.

Having considered the Group's financial condition, working capital resources, the business outlook of the Target Group, the favourable industry prospects for AI+healthcare and the expected synergies to be derived from the Acquisition, the Directors are of the view that the Enlarged Group has satisfactory financial and trading prospects with sound momentum for sustainable growth and long-term value creation for the Shareholders.

SECTION 10 FINANCIAL REPORT

I. AUDIT REPORT

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	12 April 2024
Name of the audit firm	Pan-China Certified Public Accountants LLP
Name of certified public accountants	Yu Jianyao, Peng Min

Text of the Audit Report

To all shareholders of B-Soft Co., Ltd.:

1. Audit opinion

We have audited the financial statements of B-Soft Co., Ltd. (hereinafter referred to as "B-Soft" or the "Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2023, the consolidated and parent company income statements, cash flow statements and statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of B-Soft as at 31 December 2023, and its consolidated and parent company financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

2. Basis for audit opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in the PRC. Our responsibilities under these standards are further described in the "Certified public accountant's responsibilities for the audit of the financial statements" section of our report. In accordance with the Code of Ethics for Certified Public Accountants in the PRC, we are independent of B-Soft and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

3. Key audit matters

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

(A) Revenue recognition

a. Descriptions

Details of relevant information are disclosed in Notes III (XXV) and V(II)1 to the financial statements.

The operating revenue of B-Soft is primarily derived from software sales, system integration and technical services. In 2023, the operating revenue of B-Soft amounted to RMB1,615.8732 million. The Company has established specific revenue recognition policies based on the sales contracts entered into between B-Soft and its customers.

As operating revenue is one of B-Soft's key performance indicators, there is an inherent risk that the management of B-Soft (hereinafter referred to as the "management") may achieve specific targets or expectations through inappropriate revenue recognition. Consequently, we have identified revenue recognition as a key audit matter.

b. Audit response

Our principal audit procedures related to revenue recognition included the following, among others:

(i) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Inspect sales contracts to understand principal contract terms and conditions, and assess the appropriateness of revenue recognition methods;

(iii) Perform analytical procedures on operating revenue and gross profit margins by projects to identify material or unusual fluctuations and ascertain the underlying causes;

(iv) Select items to review relevant supporting documentation; in conjunction with accounts receivable and contract asset confirmations, select items to confirm project revenue and project progress;

(v) Perform cut-off tests to verify that revenue has been recognized in the appropriate period;

(vi) Review whether information relating to operating revenue has been appropriately presented and disclosed in the financial statements.

(B) Impairment of goodwill

a. Descriptions

Details of relevant information are disclosed in Notes III(XX) and V(I)21 to the financial statements.

As at 31 December 2023, the gross carrying amount of goodwill of B-Soft was RMB1,110.4889 million, with an impairment allowance of RMB142.6382 million and a carrying amount of RMB967.8507 million.

Management performs impairment testing on goodwill in conjunction with the relevant asset groups or combinations of asset groups, with the recoverable amount of such asset groups or combinations of asset groups determined based on the present value of estimated future cash flows. As the amount of goodwill is material and the impairment testing of goodwill involves significant management judgement, we have identified goodwill impairment as a key audit matter.

b. Audit response

Our principal audit procedures related to impairment of goodwill included the following, among others:

(i) Understand the key internal controls related to impairment of goodwill, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Review the results of estimates made by the management in prior years regarding the present value of estimated future cash flows, or reviewing any subsequent re-estimates made by the management;

(iii) Evaluate the competency, professional qualifications and objectivity of the external valuation experts engaged by the management;

(iv) Evaluate the appropriateness and consistency of the methods used by management in the impairment testing;

(v) Evaluate the appropriateness of the significant assumptions used by management in the impairment testing, and review whether such assumptions are consistent with the general economic environment, industry conditions, operating conditions, historical experience, and relevant assumptions used in other areas of business operations;

(vi) Assess the appropriateness, relevance and reliability of the data used by the management in impairment testing, and review the consistency of the relevant information in the impairment testing;

(vii) Test the accuracy of management's calculation of the present value of estimated future cash flows;

(viii) Review whether information relating to goodwill impairment has been appropriately presented and disclosed in the financial statements.

4. Other information

The management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, the management is responsible for assessing B-Soft's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate B-Soft or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of B-Soft ("**those charged with governance**") are responsible for overseeing B-Soft's financial reporting process.

6. Certified public accountant's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement if one exists. Misstatements may arise from fraud or error, and a misstatement is generally considered material if it could, individually or in the aggregate, influence the economic decisions of users of the financial statements.

In carrying out our audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism. We also perform the following work:

(A) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and implement audit procedures to address these risks; and obtain sufficient and appropriate audit evidence as a basis for expressing an audit opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations or circumvention of internal controls, the risk of failing to detect a material misstatement resulting from fraud is higher than the risk of failing to detect a material misstatement resulting from error.

(B) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(C) Evaluate the appropriateness of the accounting policies selected by management and the reasonableness of the accounting estimates made and related disclosures.

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

(E) Evaluate the overall presentation, structure and content of the financial statements, and assess whether the financial statements give a true and fair view of the relevant transactions and events.

(F) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within B-Soft to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP
(Engagement Partner)

Certified Public Accountant in China:

Hangzhou, China

Certified Public Accountant in China:

12 April 2024

II. FINANCIAL STATEMENTS

The unit of currency in the notes to the financial statements is: RMB

1. Consolidated balance sheet

Prepared by: B-Soft Co., Ltd.

31 December 2023

Unit: RMB

Item	31 December 2023	1 January 2023
Current assets:		
Cash at bank and on hand	1,094,386,640.73	1,478,027,707.71
Balances with clearing agencies		
Placements with banks and other financial institutions		
Financial assets held for trading	20,042,378.08	
Derivative financial assets		
Notes receivable	1,094,589.05	351,500.00
Accounts receivable	1,579,674,434.61	1,390,763,883.83
Financing receivables	1,765,200.00	2,360,995.74
Prepayments	17,384,360.92	20,177,511.41
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer’s share of insurance contract reserves		
Other receivables	41,966,970.52	43,901,512.53
Of which: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	283,234,875.90	262,653,409.63
Contract assets	114,085,027.93	113,711,550.61
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,872,667.05	602,670.88
Total current assets	3,155,507,144.79	3,312,550,742.34

Item	31 December 2023	1 January 2023
Non-current assets:		
Disbursement of loans and advances		
Debt investments	1,286,058.00	9,857,258.00
Other debt investments		
Long-term receivables		
Long-term equity investments	168,980,662.83	209,321,503.09
Other investments in equity instruments	5,680,408.16	8,106,096.33
Other non-current financial assets	116,835,248.01	129,750,692.59
Investment properties	2,360,283.20	2,582,208.44
Fixed assets	303,467,328.02	281,035,163.06
Construction in progress	285,815,550.28	169,788,017.88
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	13,346,442.64	8,201,457.35
Intangible assets	695,912,486.97	599,734,701.43
Development expenditure	17,224,899.15	21,683,895.44
Goodwill	967,850,671.60	982,570,156.23
Long-term prepaid expenses	2,905,772.22	12,470,421.29
Deferred tax assets	53,177,764.91	35,899,924.49
Other non-current assets		
Total non-current assets	2,634,843,575.99	2,471,001,495.62
Total assets	5,790,350,720.78	5,783,552,237.96

Item	31 December 2023	1 January 2023
Current liabilities:		
Short-term borrowings	7,307,401.39	99,907,916.67
Loans from the central bank		
Taking from banks and other financial institutions		
Financial liabilities held for trading	10,200,000.00	
Derivative financial liabilities		
Notes payable	34,577,181.10	2,023,512.50
Accounts payable	641,693,514.13	647,214,320.48
Receipts in advance	75,334.83	98,836.29
Contract liabilities	157,596,511.61	179,362,607.69
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	56,795,622.08	51,926,384.06
Taxes payable	148,133,143.46	126,060,995.72
Other payables	37,246,917.96	46,298,414.91
Of which: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	3,708,213.42	4,232,022.01
Other current liabilities	15,440,792.10	16,382,276.27
Total current liabilities	1,112,774,632.08	1,173,507,286.60

Item	31 December 2023	1 January 2023
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	8,842,733.23	2,844,486.65
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	4,848,585.48	4,904,501.84
Deferred tax liabilities	1,227.54	653,190.16
Other non-current liabilities		
Total non-current liabilities	13,692,546.25	8,402,178.65
Total liabilities	1,126,467,178.33	1,181,909,465.25
Owners' equity:		
Share capital	1,549,124,692.00	1,549,335,292.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,552,788,459.78	1,525,840,677.55
Less: Treasury shares	31,000,786.19	858,102.00
Other comprehensive income	-4,649,410.64	780,753.40
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
General risk provision		
Undistributed profit	1,402,190,565.46	1,380,917,494.99

Item	31 December 2023	1 January 2023
Total equity attributable to owners of the parent company	4,605,980,419.11	4,593,543,014.64
Minority interests	57,903,123.34	8,099,758.07
Total owners' equity	4,663,883,542.45	4,601,642,772.71
Total liabilities and owners' equity	5,790,350,720.78	5,783,552,237.96

Legal Representative: Zhang Lüzheng | Chief Financial Officer: Chen Jinjian | Chief Accountant: Chen Jinjian

2. Balance sheet of the parent company

Unit: RMB

Item	31 December 2023	1 January 2023
Current assets:		
Cash at bank and on hand	623,072,522.55	1,041,749,475.97
Financial assets held for trading		
Derivative financial assets		
Notes receivable	1,094,589.05	351,500.00
Accounts receivable	1,427,082,461.38	1,274,224,947.48
Financing receivables	1,765,200.00	2,360,995.74
Prepayments	6,957,449.90	11,684,231.47
Other receivables	91,050,151.54	75,675,111.60
Of which: Interest receivable		
Dividends receivable		
Inventories	244,767,324.08	232,494,517.99
Contract assets	110,730,006.86	113,043,389.12
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
Total current assets	2,506,519,705.36	2,751,584,169.37

Item	31 December 2023	1 January 2023
Non-current assets:		
Debt investments	1,286,058.00	9,857,258.00
Other debt investments		
Long-term receivables		
Long-term equity investments	1,706,593,759.62	1,709,084,041.99
Other investments in equity instruments	5,680,408.16	8,106,096.33
Other non-current financial assets	116,835,248.01	129,750,692.59
Investment properties		
Fixed assets	242,248,783.29	220,437,688.01
Construction in progress	285,815,550.28	169,788,017.88
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	10,402,948.32	5,170,992.85
Intangible assets	609,415,548.02	544,036,109.77
Development expenditure	19,451,420.20	24,150,248.89
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	64,502,277.83	44,886,306.03
Other non-current assets		
Total non-current assets	3,062,232,001.73	2,865,267,452.34
Total assets	5,568,751,707.09	5,616,851,621.71

Item	31 December 2023	1 January 2023
Current liabilities:		
Short-term borrowings		99,907,916.67
Financial liabilities held for trading	10,200,000.00	
Derivative financial liabilities		
Notes payable	32,864,478.20	2,023,512.50
Accounts payable	678,845,552.45	815,455,434.09
Receipts in advance	75,334.83	98,836.29
Contract liabilities	113,022,448.13	157,629,262.12
Employee benefits payable	30,210,064.53	31,859,094.09
Taxes payable	124,865,226.97	105,447,064.00
Other payables	295,036,927.20	50,853,066.62
Of which: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	2,460,589.45	3,293,850.26
Other current liabilities	11,497,816.37	14,801,387.72
Total current liabilities	1,299,078,438.13	1,281,369,424.36

Item	31 December 2023	1 January 2023
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	7,276,578.10	968,193.05
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	4,848,585.48	4,904,501.84
Deferred tax liabilities		598,360.67
Other non-current liabilities		
Total non-current liabilities	12,125,163.58	6,471,055.56
Total liabilities	1,311,203,601.71	1,287,840,479.92
Owners' equity:		
Share capital	1,549,124,692.00	1,549,335,292.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,660,979,352.00	1,634,031,569.77
Less: Treasury shares	31,000,786.19	858,102.00
Other comprehensive income	-4,649,410.64	780,753.40
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
Undistributed profit	945,567,359.51	1,008,194,729.92
Total owners' equity	4,257,548,105.38	4,329,011,141.79
Total liabilities and owners' equity	5,568,751,707.09	5,616,851,621.71

3. Consolidated income statement

Unit: RMB

Item	2023	2022
I. Total operating revenue	1,615,873,170.26	1,527,138,670.24
Of which: Operating revenue	1,615,873,170.26	1,527,138,670.24
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	1,442,579,582.31	1,289,556,061.18
Of which: Operating cost	856,809,373.61	772,938,944.90
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims expenses		
Net provision for insurance contracts reserve		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and surcharges	12,131,717.88	12,823,967.27
Selling expenses	129,317,706.52	116,698,142.06
Administrative expenses	207,603,254.58	189,051,982.12
Research and development expenses	247,471,085.49	217,830,336.93
Finance costs	-10,753,555.77	-19,787,312.10
Of which: Interest expenses	1,153,959.67	3,196,876.71
Interest income	12,471,518.32	23,082,035.46
Add: Other income	36,512,945.71	37,415,575.24
Investment income (losses are indicated by a '-' sign)	14,066,834.41	-15,423,524.77
Of which: Income from investments in associates and joint ventures	4,704,876.50	-4,534,885.17
Income from derecognition of financial assets measured at amortized cost		

Item	2023	2022
Foreign exchange gains (losses are indicated by a '-' sign)		
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	-12,873,066.50	132,592.71
Credit impairment losses (losses are indicated by a '-' sign)	-128,922,742.74	-120,185,786.83
Impairment losses on assets (losses are indicated by a '-' sign)	-39,915,659.02	-91,782,472.67
Gains from disposal of assets (losses are indicated by a '-' sign)	1,563,345.95	5,163,372.99
III. Operating profit (losses are indicated by a '-' sign)	43,725,245.76	52,902,365.73
Add: Non-operating revenue	3,251,028.02	3,599,428.07
Less: Non-operating expenses	1,608,029.78	1,065,490.98
IV. Total profit (total losses are indicated by a '-' sign)	45,368,244.00	55,436,302.82
Less: Income tax expense	-318,831.62	14,200,344.58
V. Net profit (net losses are indicated by a '-' sign)	45,687,075.62	41,235,958.24
(i) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net losses are indicated by a '-' sign)	45,687,075.62	41,235,958.24
2. Net profit from discontinued operations (net losses are indicated by a '-' sign)		
(ii) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company	36,688,499.59	42,627,271.25
2. Profit or loss attributable to minority interests	8,998,576.03	-1,391,313.01
VI. Other comprehensive income, net of tax	-5,377,112.92	780,753.40
Other comprehensive income attributable to owners of the parent company, net of tax	-5,377,112.92	780,753.40
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-5,377,112.92	780,753.40
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	-5,004,475.87	5,074,657.07
3. Changes in fair value of other investments in equity instruments	-372,637.05	-4,293,903.67
4. Changes in fair value of the entity's own credit risk		
5. Others		

Item	2023	2022
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Credit impairment allowance for other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
Net amount of other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	40,309,962.70	42,016,711.64
Total comprehensive income attributable to owners of the parent company	31,311,386.67	43,408,024.65
Total comprehensive income attributable to minority interests	8,998,576.03	-1,391,313.01
VIII. Earnings per share		
(i) Basic earnings per share	0.02	0.03
(ii) Diluted earnings per share	0.02	0.03

Legal Representative: Zhang Lüzheng | Chief Financial Officer: Chen Jinjian | Chief Accountant: Chen Jinjian

4. Income statement of the parent company

Unit: RMB

Item	2023	2022
I. Operating revenue	1,315,341,447.63	1,222,034,056.29
Less: Operating cost	743,960,169.21	640,211,833.91
Taxes and surcharges	9,378,463.40	9,626,555.53
Selling expenses	105,182,359.67	93,077,728.18
Administrative expenses	171,018,392.68	147,404,598.34
Research and development expenses	210,496,057.15	190,016,014.42
Finance costs	-3,017,621.93	-10,377,854.16
Of which: Interest expenses	6,779,318.08	6,331,000.20
Interest income	10,303,563.82	16,753,035.73
Add: Other income	32,677,359.88	33,070,941.43
Investment income (losses are indicated by a '-' sign)	10,321,012.96	-9,739,230.46
Of which: Income from investments in associates and joint ventures	5,892,045.97	-4,724,375.80
Income from derecognition of financial assets measured at amortized cost (losses are indicated by a '-' sign)		
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	-12,915,444.58	132,592.71
Credit impairment loss (losses are indicated by a '-' sign)	-126,937,513.38	-121,532,252.48
Impairment losses on assets (losses are indicated by a '-' sign)	-44,165,591.55	-91,762,352.84
Gains from disposal of assets (losses are indicated by a '-' sign)	-267,712.58	48,198.33
II. Operating profit (losses are indicated by a '-' sign)	-62,964,261.80	-37,706,923.24
Add: Non-operating revenue		
Less: Non-operating expenses	1,471,628.82	897,232.16
III. Total profit (total losses are indicated by a '-' sign)	-64,435,890.62	-38,604,155.40
Less: Income tax expense	-17,223,949.33	-11,375,420.72
IV. Net profit (net losses are indicated by a '-' sign)	-47,211,941.29	-27,228,734.68
(i) Net profit from continuing operations (net losses are indicated by a "–" sign)	-47,211,941.29	-27,228,734.68
(ii) Net profit from discontinued operations (net losses are indicated by a "–" sign)		

Item	2023	2022
V. Other comprehensive income, net of tax	-5,377,112.92	780,753.40
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-5,377,112.92	780,753.40
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	-5,004,475.87	5,074,657.07
3. Changes in fair value of other investments in equity instruments	-372,637.05	-4,293,903.67
4. Changes in fair value of the entity's own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Credit impairment allowance for other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	-52,589,054.21	-26,447,981.28
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,442,051,423.82	1,459,038,900.72
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash received from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Tax refunds received	29,514,691.78	34,111,914.19
Other cash receipts relating to operating activities	23,960,165.09	43,273,544.25
Subtotal of cash inflows from operating activities	1,495,526,280.69	1,536,424,359.16

Item	2023	2022
Cash payments for goods purchased and services received	514,815,486.41	576,689,952.53
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash paid to employees and on behalf of employees	527,390,209.24	525,753,757.14
Payment of various types of taxes	91,097,619.43	135,336,566.76
Other cash payments relating to operating activities	204,381,316.81	153,770,122.03
Subtotal of cash outflows from operating activities	1,337,684,631.89	1,391,550,398.46
Net cash flow from operating activities	157,841,648.80	144,873,960.70
II. Cash flows from investing activities:		
Cash received from recovery of investment	38,268,832.71	50,070,851.87
Cash received from investment income	4,821,158.01	4,407,816.60
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,114,785.68	9,874,187.69
Net cash received from the disposal of subsidiaries and other business entities		830,992.40
Other cash receipts related to investing activities	103,600,000.00	187,300,000.00
Subtotal of cash inflows from investing activities	151,804,776.40	252,483,848.56
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	391,835,903.08	319,706,693.23
Cash paid for investments		45,000,000.00
Net increase in pledged loans receivable		
Net cash paid for the acquisition of subsidiaries and other business entities	34,530,751.50	
Other cash payments relating to investing activities	117,100,000.00	187,000,000.00
Subtotal of cash outflows from investing activities	543,466,654.58	551,706,693.23
Net cash flow from investing activities	-391,661,878.18	-299,222,844.67

Item	2023	2022
III. Cash flows from financing activities:		
Cash received from investment		
Of which: Cash received by subsidiaries from minority interests		
Cash received from borrowings	77,300,000.00	97,322,500.00
Other cash receipts relating to financing activities		4,371,700.00
Subtotal of cash inflows from financing activities	77,300,000.00	101,694,200.00
Cash repayments of borrowings	170,000,000.00	
Cash paid for distribution of dividends, profits or repayment of interest	16,066,238.99	46,756,663.31
Of which: dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	47,583,397.97	36,605,623.44
Subtotal of cash outflows from financing activities	233,649,636.96	83,362,286.75
Net cash flow from financing activities	-156,349,636.96	18,331,913.25
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-390,169,866.34	-136,016,970.72
Add: Opening balance of cash and cash equivalents	1,477,596,364.71	1,613,613,335.43
VI. Closing balance of cash and cash equivalents	1,087,426,498.37	1,477,596,364.71

6. Statement of cash flows of the parent company

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,116,165,567.52	1,107,538,362.74
Tax refunds received	27,601,407.73	31,737,140.08
Other cash receipts relating to operating activities	25,240,732.91	30,914,614.54
Subtotal of cash inflows from operating activities	1,169,007,708.16	1,170,190,117.36
Cash payments for goods purchased and services received	647,923,294.75	417,525,424.46
Cash paid to employees and on behalf of employees	447,455,796.94	438,455,876.45
Payment of various types of taxes	55,066,317.27	89,491,011.87
Other cash payments relating to operating activities	132,047,259.03	76,910,562.81
Subtotal of cash outflows from operating activities	1,282,492,667.99	1,022,382,875.59
Net cash flow from operating activities	-113,484,959.83	147,807,241.77
II. Cash flows from investing activities:		
Cash received from recovery of investment	38,268,832.71	50,070,851.87
Cash received from investment income	4,311,951.33	6,829,901.34
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	1,142,876.12	256,156.00
Net cash received from the disposal of subsidiaries and other business entities	417,015.66	1,940,000.00
Other cash receipts relating to investing activities	35,782,013.70	71,943,409.07
Subtotal of cash inflows from investing activities	79,922,689.52	131,040,318.28

Item	2023	2022
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	365,917,520.74	291,386,844.75
Cash paid for investments		11,450,000.00
Net cash paid for the acquisition of subsidiaries and other business entities	50,554,500.00	
Other cash payments relating to investing activities	53,793,129.49	85,782,013.70
Subtotal of cash outflows from investing activities	470,265,150.23	388,618,858.45
Net cash flow from investing activities	-390,342,460.71	-257,578,540.17
III. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings	70,000,000.00	97,322,500.00
Other cash receipts relating to financing activities	274,828,483.18	32,401,003.16
Subtotal of cash inflows from financing activities	344,828,483.18	129,723,503.16
Cash repayments of borrowings	170,000,000.00	0.00
Cash paid for distribution of dividends, profits or repayment of interest	15,505,813.57	46,394,464.09
Other cash payments relating to financing activities	80,379,011.27	58,884,988.15
Subtotal of cash outflows from financing activities	265,884,824.84	105,279,452.24
Net cash flow from financing activities	78,943,658.34	24,444,050.92
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-424,883,762.20	-85,327,247.48
Add: Opening balance of cash and cash equivalents	1,041,414,624.72	1,126,741,872.20
VI. Closing balance of cash and cash equivalents	616,530,862.52	1,041,414,624.72

7. Consolidated statement of changes in owners' equity

Amount for the current period

Unit: RMB

Item	2023														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,335,292.00				1,525,840,677.55	858,102.00	780,753.40		137,526,898.70		1,380,917,494.99		4,593,543,014.64	8,099,758.07	4,601,642,772.71
Add: Change in accounting policy															
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,335,292.00				1,525,840,677.55	858,102.00	780,753.40		137,526,898.70		1,380,917,494.99		4,593,543,014.64	8,099,758.07	4,601,642,772.71
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)	-210,600.00				26,947,782.23	30,142,684.19	-5,430,164.04				21,273,070.47		12,437,404.47	49,803,365.27	62,240,769.74
(i) Total comprehensive income							-5,377,112.92				36,688,499.59		31,311,386.67	8,998,576.03	40,309,962.70
(ii) Capital contribution and capital decrease by owners	-210,600.00				26,947,782.23	30,142,684.19							-3,405,501.96		-3,405,501.96
1. Ordinary shares contributed by owners	-210,600.00				-647,502.00	-858,102.00									
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					27,595,284.23								27,595,284.23		27,595,284.23
4. Others						31,000,786.19							-31,000,786.19		-31,000,786.19
(iii) Profit distribution											-15,468,480.24		-15,468,480.24		-15,468,480.24
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Distribution to owners (or shareholders)											-15,468,480.24		-15,468,480.24		-15,468,480.24
4.Others															

Item	2023															
	Equity attributable to owners of the parent company														Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others												
(iv) Internal transfers within owners' equity																
1. Capitalization of capital reserve (or conversion to share capital)											53,051.12					
2. Capitalization of surplus reserve (or conversion to share capital)																
3. Use surplus reserve to make up for losses																
4. Retained earnings carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income							-53,051.12				53,051.12					
6. Others																
(v) Special reserve																
1. Allocation in the current period																
2. Utilization in the current period																
(vi) Others															40,804,789.24	40,804,789.24
IV. Closing balance in the current period	1,549,124,692.00				1,552,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11		57,903,123.34	4,663,883,542.45

Amount for the previous period

Unit: RMB

Item	2022														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,787,692.00				1,524,889,111.68	35,293,394.52			137,529,254.21		1,384,889,157.58		4,561,801,820.95	37,497,975.68	4,599,299,796.63
Add: Change in accounting policy									-2,355.51		-105,303.08		-107,658.59	3,373.16	-104,285.43
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,787,692.00				1,524,889,111.68	35,293,394.52			137,526,898.70		1,384,783,854.50		4,561,694,162.36	37,501,348.84	4,599,195,511.20
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)	-452,400.00				951,565.87	-34,435,292.52	780,753.40				-3,866,359.51		31,848,852.28	-29,401,590.77	2,447,261.51
(i) Total comprehensive income							780,753.40				42,627,271.25		43,408,024.65	-1,391,313.01	42,016,711.64
(ii) Capital contribution and capital decrease by owners	-452,400.00				809,610.76	-34,435,292.52							34,792,503.28	-23,688,397.51	11,104,105.77
1. Ordinary shares contributed by owners	-452,400.00				-1,551,166.50	-34,435,292.52							32,431,726.02		32,431,726.02
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					3,042,379.75								3,042,379.75		3,042,379.75
4. Others					-681,602.49								-681,602.49	-23,688,397.51	-24,370,000.00
(iii) Profit distribution											-46,493,630.76		-46,493,630.76		-46,493,630.76
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Allocation to owners (or shareholders)											- 46,493,630.76		- 46,493,630.76		- 46,493,630.76
4. Others															

Item	2022																
	Equity attributable to owners of the parent company														Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others												
(iv) Internal transfers within owners' equity																
1. Capitalization of capital reserve (or conversion to share capital)																
2. Capitalization of surplus reserve (or conversion to share capital)																
3. Use surplus reserve to make up for losses																
4. Retained earnings carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income																
6. Others																
(v) Special reserve																
1. Allocation in the current period																
2. Utilization in the current period																
(vi) Others					141,955.11								141,955.11	-4,321,880.25	-4,179,925.14
IV. Closing balance in the current period	1,549,335,292.00				1,525,840,677.55	858,102.00	780,753.40		137,526,898.70		1,380,917,494.99		4,593,543,014.64	8,099,758.07	4,601,642,772.71

8. Statement of changes in owners' equity of the parent company

Amount for the current period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Other								
I. Closing balance in the previous year	1,549,335,292.00				1,634,031,569.77	858,102.00	780,753.40		137,526,898.70	1,008,194,729.92		4,329,011,141.79
Add: Change in accounting policy												
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,335,292.00				1,634,031,569.77	858,102.00	780,753.40		137,526,898.70	1,008,194,729.92		4,329,011,141.79
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)	-210,600.00				26,947,782.23	30,142,684.19	-5,430,164.04			-62,627,370.41		-71,463,036.41
(i) Total comprehensive income							-5,377,112.92			-47,211,941.29		-52,589,054.21
(ii) Capital contribution and capital decrease by owners	-210,600.00				26,947,782.23	30,142,684.19						-3,405,501.96
1. Ordinary shares contributed by owners	-210,600.00				-647,502.00	-858,102.00						
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					27,595,284.23							27,595,284.23
4. Others						31,000,786.19						-31,000,786.19
(iii) Profit distribution										-15,468,480.24		-15,468,480.24
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)										-15,468,480.24		-15,468,480.24
3. Others												
(iv) Internal transfers within owners' equity							-53,051.12			53,051.12		
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income							-53,051.12			53,051.12		
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others												
IV. Closing balance in the current period	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38

Amount for the previous period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Other								
I. Closing balance in the previous year	1,549,787,692.00				1,632,398,401.41	35,293,394.52			137,529,254.21	1,081,938,294.94		4,366,360,248.04
Add: Change in accounting policy									-2,355.51	-21,199.58		-23,555.09
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,787,692.00				1,632,398,401.41	35,293,394.52			137,526,898.70	1,081,917,095.36		4,366,336,692.95
III. Amount of increase or decrease in the current period (decrease is indicated by a "–" sign)	-452,400.00				1,633,168.36	-34,435,292.52	780,753.40			-73,722,365.44		-37,325,551.16
(i) Total comprehensive income							780,753.40			-27,228,734.68		- 26,447,981.28
(ii) Capital contribution and capital decrease by owners	-452,400.00				1,491,213.25	-34,435,292.52						35,474,105.77
1. Ordinary shares contributed by owners	-452,400.00				-1,551,166.50	- 34,435,292.52						32,431,726.02
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					3,042,379.75							3,042,379.75
4. Others												
(iii) Profit distribution										- 46,493,630.76		- 46,493,630.76
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)										-46,493,630.76		-46,493,630.76
3. Others												
(iv) Internal transfers within owners' equity												
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others					141,955.11							141,955.11
IV. Closing balance in the current period	1,549,335,292.00				1,634,031,569.77	858,102.00	780,753.40		137,526,898.70	1,008,194,729.92		4,329,011,141.79

III. BASIC INFORMATION OF THE COMPANY

Upon the approval by the Leading Group for Listed Companies of Zhejiang Provincial People's Government under the "Approval on the Change and Establishment of Hangzhou Chuangye Software Co., Ltd." (Zhe Shang Shi [2002] No. 33), B-Soft Co., Ltd. (hereinafter referred to as the "Company") was restructured in its entirety and established by Hangzhou Chuangye Software Group Co., Ltd. based on its net assets as of 31 March 2002 and registered with the Zhejiang Provincial Administration for Industry and Commerce on 27 June 2002. Its headquarters are located in Hangzhou, Zhejiang Province. The Company currently holds a business licence with the Unified Social Credit Code 9133000025393934X6, with registered capital of RMB1,549,124,692.00 and a total of 1,549,124,692 shares (par value of RMB1 per share). Of these, there are 207,475,383 A-shares subject to trading restrictions; and 1,341,649,309 A-shares with no trading restrictions. The Company's shares were listed on the Shenzhen Stock Exchange on 14 May 2015.

The Company operates in the software industry. Its principal business activities include software sales, system integration and technical services.

These financial statements were approved for issue by the 5th meeting of the Company's 8th Board of Directors on 12 April 2024.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Company's financial statements are prepared on a going-concern basis.

2. Going concern

The Company has detected no events or circumstances that may cast significant doubt upon its ability to continue as a going concern within 12 months from the reporting period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

Important note: The Company has formulated the specific accounting policies and made the specific accounting estimates with respect to the impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, capitalization of development expenditure, recognition of revenue and other transactions and events according to the actual production and operation characteristics of the Company.

1. Statement on compliance with accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and present a true and fair view of the Company's financial position, results of operations and cash flows, as well as other relevant information.

2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company has a relatively short operating cycle, and determines the liquidity of assets and liabilities on the basis of 12 months.

4. Functional currency

Renminbi is adopted as the functional currency.

5. Method for determination and basis for selection of materiality criteria

☑ Applicable ☐ Not applicable

Item	Materiality threshold
Significant accounts receivable for which provisions for individual bad debt allowance is made	The Company classifies accounts receivable with a provision for bad debts for accounts receivable subject to individual impairment where the amount exceeds 0.5% of total assets as significant accounts receivable.
Significant write-off of accounts receivable	The company classifies write-off of individual accounts receivable where the write-off amount exceeds 0.5% of total assets as significant accounts receivable.
Significant prepayments aged over one year	The Company classifies prepayments where the amount of any single prepayment exceeds 0.5% of total assets as significant prepayments.
Significant recovery of bad debts allowance for other receivables	The Company classifies recoveries of bad debt allowance for other receivables where the amount of a single recovery exceeds 0.5% of total assets as significant recoveries of bad debt allowance on other receivables.
Significant write-off of other receivables	The Company classifies write-off of other receivables where the amount of a single write-off exceeds 0.5% of total assets as significant other receivables.
Significant debt investments	The Company classifies debt investments where the amount of a single debt investment exceeds 0.5% of total assets as significant debt investments.
Significant construction-in-progress projects	The Company classifies construction-in-progress projects where the value of a single project exceeds 0.5% of total assets as significant construction-in-progress projects.
Significant accounts payable aged over 1 year	The Company classifies accounts payable where the amount of a single accounts payable exceeds 0.5% of total assets as significant accounts payable.
Significant receipts in advance aged over 1 year or which are overdue	The Company classifies receipts in advance where the amount of any single receipts in advance exceeds 0.5% of total assets as significant receipts in advance.

Item	Materiality threshold
Significant contract liabilities aged over 1 year	The Company classifies contract liabilities where the amount of a single contract liability exceeds 0.5% of total assets as significant contract liabilities.
Significant other payables aged over 1 year	The Company classifies other payables where the amount of a single other payable exceeds 0.5% of total assets as material other payables.
Significant cash flows from investing activities	The Company classifies cash flows from investing activities exceeding 10% of total assets as significant cash flows from investing activities.
Significant capitalized research and development ("R&D") projects	The Company classifies capitalized R&D projects where the amount of a single project exceeds 0.5% of total assets as significant capitalized R&D projects.
Significant subsidiaries and non-wholly-owned subsidiaries	The Company designates subsidiaries whose total profit or total assets exceed 15% of the Group's total profit or total assets as significant subsidiaries or significant non-wholly-owned subsidiaries.
Significant joint ventures and associates	The Company designates joint ventures and associates whose total profit or total assets exceed 15% of the Group's total profit or total assets as significant joint ventures and associates.

6. Accounting treatment of business mergers involving entities under common control and business mergers not involving entities under common control

a. Accounting treatment of business mergers involving entities under common control

Assets and liabilities that are obtained by the Company in a business merger shall be measured at their carrying values in the consolidated financial statements of the ultimate controller at the merger date as recorded by the acquiree. The difference between the carrying value of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying value of the total consideration paid or total par value of the shares issued in connection with the merger is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

b. Accounting treatment of business mergers not involving entities under common control

Where the cost of the merger exceeds the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill at the date of acquisition. Where the cost of merger is lower than the Company's share of the fair value of the acquiree's identifiable net assets, the Company reviews the measurement of the fair value of each of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of merger, and if the cost of merger as reviewed is still lower than the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss in the current period.

7. Criteria for determining control and method for preparing consolidated financial statements

(i) Determination of control

Control is determined when the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

(ii) Method of preparation of consolidated financial statements

The parent company includes all of its controlled subsidiaries in its consolidated financial statements. The consolidated financial statements are prepared by the parent company in accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, on the basis of the respective financial statements of the parent company and its subsidiaries, by reference to other relevant data.

8. Classification of joint arrangements and accounting treatment for joint operations

a. Joint arrangements are classified as joint operations or joint ventures.

b. Where the Company is a partner in a joint operation, it shall recognize the following items relating to its share of interest in the joint operation:

(i) Recognize assets held solely by the Company, as well as jointly held assets in proportion to its ownership interest;

(ii) Recognize liabilities borne solely by the Company, and recognize jointly borne liabilities in proportion to its ownership interest;

(iii) Recognize revenue arising from the sale of the Company's share of the joint operation's output;

(iv) Recognize revenue arising from the disposal of assets by the joint operation in proportion to the Company's shareholding;

(v) Recognize expenses incurred on a stand-alone basis, and recognize expenses arising from joint operations in proportion to the Company's shareholding.

9. Criteria for recognition of cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of foreign currency financial statements

Upon initial recognition, foreign currency transactions are translated into RMB using the spot exchange rates or approximations thereto at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from such translations are recognized in profit or loss in the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets and accrued interest. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates approximating those prevailing at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, and exchange differences arising from such translations are recognized in profit or loss in the current period or other comprehensive income.

11. Financial instruments

a. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified into: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified into: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (3) financial guarantee contracts not falling under items (1) or (2), and loan commitments not falling under item (1) and at below-market interest rate; and (4) financial liabilities at amortized cost.

b. Basis for recognition, measurement methods and derecognition criteria for financial assets and financial liabilities

(i) Basis for recognition and initial measurement of financial assets and financial liabilities

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss in the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, where the accounts that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price defined in the Accounting Standards for Business Enterprises No. 14 – Revenue.

(ii) Subsequent measurement of financial assets

ii.i) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses on financial assets at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition, reclassification, amortization using the effective interest method or recognition of impairment.

ii.ii) Investments in debt instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in profit or loss in the current period.

ii.iii) Investments in equity instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

ii.iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses thereon, including interest and dividend income, are recognized in profit or loss in the current period, except the financial assets belonging to any hedging relationship.

(iii) Subsequent measurement of financial liabilities

iii.i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities), and financial liabilities directly designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated as at fair value through profit or loss arising out of changes in the Company's credit risk are recognized in other comprehensive income, unless such treatment will result in or increase any accounting mismatch in profit or loss. Other gains or losses on such financial liabilities, including interest expenses and changes in fair value not arising out of changes in the Company's credit risk, are recognized in profit or loss in the current period, except the financial liabilities belonging to any hedging relationship. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

iii.ii) Financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred

Such financial liabilities are measured in accordance with the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iii.iii) Financial guarantee contracts not falling under items iii.i) and iii.ii) above, and loan commitments not falling under item iii.i) above and below market interest rate

Such financial liabilities are subsequently measured at the higher of ① allowance for expected credit losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with Accounting Standards for Business Enterprises No. 14 – Revenue.

iii.iv) Financial liabilities at amortized cost

Such financial liabilities are measured at amortized cost using the effective interest method. Gains or losses on financial liabilities at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition or amortization using the effective interest method.

(iv) Derecognition of financial assets and financial liabilities

iv.i) Financial assets are derecognized when:

① the contractual right to receive cash flows from the financial assets has expired;

② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iv.ii) A financial liability (or part thereof) is derecognized when all or part of the present obligations thereon have been discharged.

c. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be). If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company shall not derecognize the financial asset. If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (i) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); and (ii) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (i) the carrying value of the financial asset transferred at the date of derecognition; and (ii) the sum of the consideration received from the transfer of the financial asset and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period. If part of a financial asset is transferred and the part transferred entirely meets the criteria for derecognition, the total carrying value of the financial asset immediately prior to the transfer is allocated between the part derecognized and the part not derecognized in proportion to their relative fair value at the date of transfer, and the difference between (i) the carrying value of the part derecognized and (ii) the sum of the consideration received from the transfer of the part derecognized and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period.

d. Determination of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of other information to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

(i) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;

(ii) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;

(iii) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligation incurred in business mergers, and financial forecasts made using own data.

e. Impairment of financial instruments

The Company carries out impairment treatment and determines impairment losses of financial assets at amortized cost, investments in debt instruments at fair value with changes accrued to other comprehensive income, contract assets, lease receivables, loan commitments other than financial liabilities at fair value with changes accrued to current profit or loss, and financial guarantee contracts other than financial liabilities at fair value with changes accrued to current profit or loss and other than financial liabilities arising as a result of the transfer of financial assets that does not meet the criteria for derecognition or that continues being involved in the financial assets transferred, on the basis of expected credit losses.

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the present value of the difference between all contractual cash flows receivable under the contract and estimated future cash flows discounted at the original effective interest rate, i.e., the present value of all cash shortage, wherein the Company's purchased or originated financial assets that have become credit impaired are discounted at their credit-adjusted effective interest rate.

With respect to purchased or originated financial assets that have become credit impaired, at the balance sheet date, the Company recognizes a loss allowance equal to the cumulative amount of changes in lifetime expected credit losses since initial recognition.

With respect to lease receivables, receivables and contract assets arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue, the Company applies the simplified approach and measures the loss allowance at an amount equal to lifetime expected credit losses.

With respect to financial assets not using the measurement methods stated above, at each balance sheet date, the Company assesses whether the credit risk has increased significantly since initial recognition, and recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition.

The Company uses reasonable and supportable information, including forward-looking information, and compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition.

At the balance sheet date, if the Company determines that a financial instrument has low credit risk, the Company assumes that its credit risk has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses of financial instruments individually or collectively. When assessing the portfolio of financial instruments, the Company includes the financial instruments in different groups according to their common risk characteristics.

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of loss allowance recognized in profit or loss in the current period as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying value recorded in the balance sheet is written off against the loss allowance. With respect to an investment in debt instruments at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income, without reducing its carrying value.

f. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are satisfied simultaneously, the Company presents the net amount after offsetting in the balance sheet: (i) the Company has a legally enforceable right to offset the recognized amounts, and such right is currently enforceable; and (ii) the Company intends to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not satisfy the conditions for derecognition, the Company does not offset the transferred financial assets and the related liabilities.

g. Criteria for recognition and methods for provision of expected credit losses on receivables and contract assets

(i) Receivables and contract assets for which expected credit losses are measured on a collective basis based on credit risk characteristics

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Bank acceptance bills receivable	Type of notes	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Commercial acceptance bills receivable		Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of notes receivable
Accounts receivable/ contract assets – intra-group related parties within the scope of consolidation	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Accounts receivable/ contract assets – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of accounts receivable/ contract assets

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Other receivables – interest receivable portfolio	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss within the next 12 months or lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Other receivables – dividends receivable portfolio		
Other receivables – intra-group related parties within the scope of consolidation		
Other receivables – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of other receivables

(ii) Comparison table of ageing portfolio and expected credit loss rates

Ageing	Expected credit loss rate for commercial acceptance bills receivable (%)	Expected credit loss rate for accounts receivable/ contract assets (%)	Expected credit loss rate for other receivables (%)
Within 1 year (inclusive, same below)	5.00	5.00	5.00
1–2 years	20.00	20.00	20.00
2–3 years	30.00	30.00	30.00
3–4 years	50.00	50.00	50.00
4–5 years	80.00	80.00	80.00
Over 5 years	100.00	100.00	100.00

The ageing of accounts receivable/contract assets/other receivables/commercial acceptance bills receivable is calculated from the month in which the amounts are actually incurred.

(iii) Criteria for determining receivables and contract assets for which expected credit losses are measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from the credit risk of the portfolio, the Company measures expected credit losses on an individual basis.

12. Notes receivable

13. Accounts receivable

14. Financing receivables

15. Other receivables

Methods for determining expected credit losses and accounting treatment for other receivables

16. Contract assets

The Company presents contract assets or contract liabilities on the balance sheet based on the relationship between the fulfilment of performance obligations and customer payments. The Company presents contract assets and contract liabilities arising from the same contract on a net basis after offsetting them against each other.

The Company presents as receivables its rights to receive consideration from customers unconditionally (i.e., subject only to the passage of time), and presents as contract assets its rights to receive consideration for goods already transferred to customers (where such rights depend on factors other than the passage of time).

17. Inventories

a. Classification of inventories

Inventories comprise finished goods or merchandise held for sale in the ordinary course of business, work in progress, and materials and supplies consumed in the production process or in the process of rendering of services.

b. Pricing method for inventories issued

Inventories issued are measured using the weighted average method calculated at month-end.

c. Inventory systems for inventories

The perpetual inventory system is adopted.

d. Amortization of low-value consumables and packing materials

(i) Low-value consumables

The low-value consumables are amortized using direct write-off method.

(ii) Packing materials

The packing materials are amortized using direct write-off method.

e. Provision for inventory write-down

Criteria for recognition and method for making provision for decline in value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held directly for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price of the finished goods produced less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; on the balance sheet date, when only part of the same item of inventories has agreed price while the other part does not, their net realizable value is determined separately and is compared with their respective costs to determine the provision for inventory write-down to be made or reversed.

18. Held-for-sale assets

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

a. Judgment criteria of joint control and significant influence

Joint control is the agreed sharing of control over an arrangement, and the decision in relation to the relevant activities of such arrangement may only be made upon the unanimous consent of the parties sharing control. Significant influence is the power of the investing enterprise to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies.

b. Determination of investment cost

(i) In case of an equity investment acquired through a business merger involving entities under common control, if the acquirer pays consideration for the business merger by cash, transfer of non-cash assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid for the merger or the total par value of the shares issued (as applicable) is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

In case of a long-term equity investment acquired through a business merger involving entities under common control and through multiple transactions by steps, the Company judges whether they constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the initial investment cost is the Company's post-merger share of the carrying value of the net assets of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment at the date of merger and the sum of the carrying value of long-term equity investment before the merger and the carrying value of the consideration paid for acquisition of the additional shares at the date of merger is adjusted against the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

(ii) In case of an equity investment acquired through a business merger not involving entities under common control, the initial investment cost is the fair value of the consideration paid for the merger at the date of acquisition.

With respect to a long-term equity investment acquired through a business merger not involving entities under common control that is achieved through multiple transactions by steps, the accounting treatment thereof in the separate financial statements is different from that in the consolidated financial statements as stated below:

ii.i) In the separate financial statements, the initial investment cost for which the Company charges to the cost method is the sum of the carrying value of the long-term equity investment originally held and the cost of additional investment.

ii.ii) In the consolidated financial statements, the Company judges whether the transactions constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the Company remeasures the equity at fair value of the equity held in the acquiree prior to the date of acquisition, and records the difference between the fair value and the carrying value as investment income in the current period; if the equity held in the acquiree prior to the date of acquisition involves other comprehensive income under equity method, such other comprehensive income is transferred to the income of the period in which the date of acquisition falls, except for other comprehensive income arising from re-measurement by the investee of changes in net liabilities or net assets of defined benefit plans.

(iii) In case of an equity investment not acquired through business merger, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or is determined in accordance with the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring if it is acquired through debt restructuring, or in accordance with the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets if it is acquired through exchange of non-monetary assets.

c. Subsequent measurement and recognition of profit or loss

Long-term equity investments in investees are measured using the cost method. Long-term equity investments in associates and joint ventures are measured using the equity method.

d. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

(i) Determination basis of "package deal"

For the disposal of equity investment in a subsidiary to loss of control in stages through various transactions, the Company determines whether the step transactions are "package deal" according to clauses of trade agreements of each step transaction, the disposal consideration acquired at each transaction, the object for disposal of the equity, the disposal method and the disposal time. If the clauses, conditions and economic influence of each transaction meet one or more of the following conditions, it usually represents the step transactions shall be "package deal":

i.i) The transactions are entered into at the same time or after considering the influence for each other;

i.ii) The transactions can achieve a complete business result only when they are entered into as a whole;

i.iii) The occurrence of one transaction depends on the occurrence of at least one of the other transactions;

i.iv) A transaction is not economically viable but it is economically viable when considering with other transactions.

(ii) Accounting treatment for transactions not constituting a "package deal"

ii.i) Separate financial statements

The difference between the carrying value of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss in the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investees, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investees, the remaining equity is accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

ii.ii) Consolidated financial statements

Prior to the loss of control, the difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or merger is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

When losing control over an original subsidiary, the remaining equity is remeasured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the share owned by the Company in the net assets of the subsidiary as calculated continuously from the date of acquisition or merger according to the previous shareholding ratio, is recognized in the investment income for the period in which the control is lost, and the goodwill is reduced accordingly. Other comprehensive income relating to the equity investment in the original subsidiary should be transferred to the investment income for the period in which the control is lost.

(iii) Accounting treatment for "package deal"

iii.i) Separate financial statements

The transactions as a whole are treated as one single transaction of disposal of a subsidiary and loss of control in accounting treatment. However, prior to the loss of control, the difference between each of the consideration of disposal and the carrying amount of the long-term equity investments corresponding to the disposed investment is recognised as other comprehensive income in separate financial statements and transferred to profit or loss for the period when the control is lost.

iii.ii) Consolidated financial statements

The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary, however, the difference between the proceeds from each disposal before loss of control and the share of the subsidiary's net assets in relation to the investment disposed of is recognized in other comprehensive income in individual financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

23. Investment properties

Measurement model for investment properties

Measurement by cost method

Depreciation or amortization method

a. Investment properties comprise land use rights that are leased out, land use rights held for the purpose of appreciation and subsequent transfer, and buildings that are leased out.

b. Investment properties are initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same methods as for fixed assets and intangible assets.

24. Fixed assets

(A) Criteria for recognition

Fixed assets are tangible assets held for production of goods, rendering of services, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

(B) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Buildings and structures	Straight-line method	20–50	5.00%	1.90%–4.75%
Machinery and equipment	Straight-line method	3–10	5.00%	9.50%–31.67%
Vehicles	Straight-line method	5–10	5.00%	9.50%–19.00%
Other equipment	Straight-line method	3–10	5.00%	9.50%–31.67%

25. Construction in progress

a. Construction in progress is recognized when it is probable that economic benefits will flow to the Company and the cost can be measured reliably. Construction in progress is measured at the actual costs incurred up to the date when the asset is ready for its intended use.

b. When construction in progress reaches the intended use, it is transferred to fixed assets at the actual cost of the project. Where construction in progress has reached the state ready for its intended use but completion settlement have not been completed, it is transferred to fixed assets initially at estimated value and subsequently adjusted to actual cost upon completion of completion settlement, without adjustment to depreciation previously provided.

Category	Standards and timings for transferring construction in progress to fixed assets
Buildings and structures	Transfer to fixed assets from the date on which the design requirements or contractually stipulated standards are met following installation and commissioning, i.e. the date on which the intended state of use is reached
Machinery and equipment	Transfer to fixed assets from the date on which the design requirements or contractually stipulated standards are met following installation and commissioning, i.e. the date on which the intended state of use is reached

26. Borrowing costs

(i) Recognition of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are expensed when incurred and included in profit or loss in the current period.

(ii) Period of capitalization of borrowing costs

ii.i) A borrowing cost is capitalized when all of the following conditions are satisfied: 1) the expenditures on the asset have already been incurred; 2) the borrowing cost has already been incurred; and 3) the acquisition, construction or production activities necessary to prepare the asset for its intended use or sale have already commenced.

ii.ii) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The borrowing costs incurred during these periods are recognized as an expense in the current period until the acquisition, construction or production activity is resumed.

ii.iii) When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

(iii) Rate and amount of capitalization of borrowing costs

If funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period (including amortized discount or premium determined using the effective interest method) less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. If funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of interest to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

27. Biological assets

28. Oil and gas assets

29. Intangible assets

(A) Useful life and the basis for its determination, estimates, amortization method or review procedures

a. Intangible assets, including land use rights, software and software licence fees, patent rights and franchise rights, are initially measured at cost.

b. Intangible assets with finite useful lives are amortized systematically and rationally over their useful lives in accordance with the expected pattern of economic benefits associated with the asset. Where the expected pattern of economic benefits cannot be reliably determined, the straight-line method is used. Details are as follows:

Item	Useful life and basis for determination	Amortization method
Land use rights	50 years, determined according to law and effective term specified in the contract	Straight-line method
Software and software licence fees	5–10 years, determined based on the estimated useful life or the effective term specified in the contract	Straight-line method
Patent rights	10 years, determined based on the estimated useful life	Straight-line method
Franchise rights	10 years, determined based on the effective term specified in the contract	Straight-line method

(B) Scope of capitalization of research and development expenditure and related accounting treatment methods

a. Scope of capitalization of R&D expenditure

(i) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund, share-based payment of the Company's R&D personnel, as well as labor costs of external R&D personnel.

Where R&D personnel serve multiple R&D projects simultaneously, the recognition of personnel costs is based on the working hour records of R&D personnel for each R&D project provided by the Company's management department, and is allocated among different R&D projects on a pro-rata basis.

(ii) Direct input costs

Direct input costs refer to related expenditures actually incurred by the Company for implementing R&D activities, including: 1) costs of materials, fuel and power directly consumed; 2) costs of molds and process equipment development and manufacturing for pilot tests and trial production of products, purchase costs of samples, prototypes and general testing facilities that do not constitute fixed assets, and inspection costs of trial products; 3) costs of operation, maintenance, adjustment, inspection, testing and repair of instruments and equipment used for R&D activities.

(iii) Depreciation expenses and long-term prepaid expenses

Depreciation expenses refer to depreciation of instruments, equipment and buildings in use for R&D activities.

Where instruments, equipment and buildings in use for R&D activities are also used for non-R&D activities, necessary records are kept on the use of such instruments, equipment and buildings in use, and the actual depreciation incurred is allocated between R&D expenses and production and operating expenses using reasonable methods based on factors such as actual working hours and use area.

Long-term prepaid expenses refer to long-term prepaid expenses incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are capitalized based on actual expenditures and amortized evenly over a specified period.

(iv) Amortization of intangible assets

Amortization expenses for intangible assets refer to the amortization costs of software, intellectual property rights and non-patented technologies used in R&D activities.

(v) Other costs

Other costs refer to other costs directly related to R&D activities other than the above costs.

b. Expenditure on the research phase of internal R&D projects is expensed as incurred. Expenditure on the development phase of internal R&D projects is recognized as an intangible asset when all of the following conditions are satisfied: (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (2) there is an intention to complete the intangible asset and use or sell it; (3) the manner in which the intangible asset will generate economic benefits can be demonstrated, including the ability to demonstrate that there is a market for the output to be produced using the intangible asset or for the intangible asset itself, or, where the intangible asset is to be used internally, its usefulness can be demonstrated; (4) adequate technical, financial and other resources are available to complete the development of the intangible asset and the ability exists to use or sell the intangible asset; and (5) expenditure attributable to the development phase of the intangible asset can be measured reliably.

c. Specific criteria for classifying expenditures on internal R&D projects into costs of research-phase or development-phase by the Company:

A planned investigative phase undertaken to acquire new technologies and knowledge, etc., shall be classified as the research phase; this phase is characterised by its planned and exploratory nature. The phase in which research findings or other knowledge are applied to a specific plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use, shall be classified as the development phase; this phase is characterised by its targeted nature and a high probability of yielding results. In line with the R&D processes of the software industry and the specific characteristics of the Company's own R&D activities, R&D projects enter the development stage following approval at the project initiation review; once a development project achieves its intended purpose, it is recognized as an intangible asset for accounting purposes.

30. Impairment of long-term assets

With respect to long-term assets such as long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life, if there is an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising from a business merger and an intangible asset with an indefinite useful life are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, goodwill is considered together with the related asset groups or sets of asset groups.

If the recoverable amount of the long-term asset above is lower than its carrying value, the difference is measured as provision for asset impairment and recognized in profit or loss for the current period.

31. Long-term prepaid expenses

Long-term prepaid expenses are expenses that have already been incurred but should be amortized over a period of more than one year (exclusive). Long-term prepaid expenses are stated as incurred and are amortized evenly by stages within the benefit period or specified period. If an item of long-term prepaid expenses will not benefit the subsequent periods, the amortized value of the item that has not yet been amortized is wholly transferred to profit or loss for the current period.

32. Contract liabilities

The Company presents as contract liabilities the obligations to transfer goods to customers for which consideration has been received or is receivable from customers.

33. Employee benefits

(A) Accounting treatment of short-term employee benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(B) Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

(i) The Company recognizes the contributions payable as calculated based on the defined contribution plan during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(ii) The accounting treatment of a defined benefit plan generally involves the following steps:

ii.i) According to the projected unit credit method, use the unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;

ii.ii) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit plan obligation by the fair value of the assets is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;

ii.iii) At the end of the reporting period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan, wherein the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss for the current period or the cost of related assets, and the changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be converted back to profit or loss in subsequent periods, but those recognized as other comprehensive income may be transferred within the scope of equity.

(C) Accounting treatment of termination benefits

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the termination benefits provided as a result of the labor relationship termination plan or layoff proposal; or (2) when the Company recognizes the costs or expenses related to the restructuring of the termination benefits payment.

(D) Accounting treatment of other long-term employee benefits

Other long-term employee benefits are accounted for in accordance with the provisions applicable to defined contribution plans if they are qualified as defined contribution plans, otherwise, are accounted for in accordance with the provisions applicable to defined benefit plans. In order to simplify the accounting treatment, the total net amount of the cost of employee benefits arising from the defined benefit plans that is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan and other components is included in profit or loss for the current period or the cost of related assets.

34. Estimated liabilities

a. An obligation arising from any external guarantee, litigation, product quality warranty, onerous contract or other contingencies is recognized as an estimated liability if it is a present obligation assumed by the Company, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

b. Estimated liabilities are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying value of provisions is reviewed at the balance sheet date.

35. Share-based payment

a. Types of share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

b. Accounting treatment related to the implementation, modification and termination of share-based payment plans

(i) Equity-settled share-based payment

For equity-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the equity instruments at the grant date is recognized in the relevant costs or expenses with a corresponding adjustment to capital reserve. For equity-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses at the fair value of the equity instruments at the grant date based on the best estimate of the number of equity instruments expected to vest, with a corresponding adjustment to capital reserve.

For equity-settled share-based payment transactions in exchange for services from parties other than employees, if the fair value of the services from other parties can be measured reliably, it is measured at the fair value of such services at the date the services are obtained; if the fair value of the services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, it is measured at the fair value of the equity instruments at the date the services are obtained and recognized in the relevant costs or expenses with a corresponding increase in equity.

(ii) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the liability assumed by the Company at the grant date is recognized in the relevant costs or expenses with a corresponding increase in liabilities. For cash-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses and corresponding liabilities at the fair value of the liability assumed by the Company based on the best estimate of the vesting conditions.

(iii) Modification or termination of share-based payment plans

If a modification increases the fair value of the equity instruments granted, the Company recognizes correspondingly the increase in services received based on the increase in the fair value of the equity instruments; if a modification increases the number of equity instruments granted, the Company recognizes correspondingly the fair value of the additional equity instruments as an increase in services received; if the Company modifies the vesting conditions in a manner that is beneficial to employees, the Company takes into account the modified vesting conditions when considering the vesting conditions.

If a modification decreases the fair value of the equity instruments granted, the Company continues to recognize the amount of services received based on the fair value of the equity instruments at the grant date without taking into account the decrease in fair value of the equity instruments; if a modification decreases the number of equity instruments granted, the Company treats the decrease as a cancellation of the equity instruments granted; if the vesting conditions are modified in a manner that is not beneficial to employees, the modified vesting conditions are not taken into account when considering the vesting conditions.

If the Company cancels or settles the equity instruments granted during the vesting period (other than those cancelled due to failure to satisfy vesting conditions), the cancellation or settlement is treated as an acceleration of vesting, and the amount that would otherwise have been recognized over the remainder of the vesting period is recognized immediately.

36. Other financial instruments such as preference shares and perpetual bonds

37. Revenue

Accounting policies adopted for the recognition and measurement of revenues by business type

a. Principles of revenue recognition

At the inception of the contract, the Company evaluates the contract, identifies each single performance obligation contained therein and determines whether each single performance obligation is performed over time or at a point in time.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined. For the obligation performed at a point in time, the revenue is recognized at the time point when the customer obtains the control of the related goods or services. When judging whether the customer has obtained the control of goods, the Company considers the following signs: (1) the Company has the current right to receive payment for such goods, that is, the customer has the current obligation to make payment for such goods; (2) the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods; (3) the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically; (4) the Company has transferred major risks and rewards of such goods to the customer, that is, the customer has obtained major risks and rewards of such goods; (5) the customer has accepted such goods; and (6) other signs that the customer has obtained control of such goods.

b. Principles of revenue measurement

(i) The Company measures revenue based on the transaction price allocated to each single performance obligation. The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer.

(ii) If there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, variable consideration is included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved.

(iii) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between that transaction price and the contract consideration is amortized over the period of the contract using the effective interest method.

(iv) If the contract has two or multiple performance obligations, the Company allocates the transaction price to each single performance obligation in the contract by reference to relative standalone selling prices of goods promised thereby.

c. Specific methods of revenue recognition

The Company's main products comprise software sales, system integration and technical services.

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the goods, and the Company has received payment or has established a right to receive payment, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the stage of completion of the service is determined based on the time elapsed during the service period, and revenue is recognized in accordance with the stage of completion.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Situations where different business models for similar operations involve different revenue recognition and measurement methods

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

The Company's main products are software sales, system integration and technical services.

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(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the stage of completion of the service is determined based on the time elapsed during the service period, and revenue is recognized in accordance with the stage of completion.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

38. Contract costs

Where the incremental costs incurred by the Company to secure a contract are expected to be recoverable, they are recognized as an asset representing the cost of acquiring the contract.

Costs incurred by the Company to fulfil a contract, which do not fall within the scope of relevant standards for inventories, fixed assets or intangible assets, and which simultaneously meet the following conditions, shall be recognized as an asset representing contract performance costs:

a. The costs are directly attributable to a current or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly borne by the customer, and other costs incurred solely for the purpose of that contract;

b. The cost increases the resources available to the Company for the fulfilment of its performance obligations;

c. The cost is expected to be recoverable.

The Company amortizes assets related to contract costs on the same basis as the revenue from the goods or services to which the asset relates, and recognizes the amortization in profit or loss for the period.

If the carrying amount of an asset related to contract costs exceeds the remaining consideration expected to be received from the transfer of the goods or services associated with that asset, less the estimated costs to be incurred, the Company recognizes an impairment loss on the excess amount. If factors underlying an impairment recognized in a prior period subsequently change, such that the remaining consideration expected to be received from the transfer of the goods or services associated with that asset less the estimated costs to be incurred exceeds the asset's carrying amount, the Company reverses the previously recognized impairment provision and recognizes it in profit or loss in the current period; however, the asset's carrying amount after the reversal shall not exceed the carrying amount that would have been determined as at the date of reversal had no impairment provision been recognized.

39. Government grants

a. Government grants are recognized if (1) the Company meets the conditions attached to the government grants; and (2) the Company will receive the government grants. If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value. If fair value is not reliably determinable, the item is measured at a nominal amount.

b. Determination and accounting treatment of government grants related to assets

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents, or in the absence of such express provision in the applicable government documents, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. The government grants related to assets are offset against the carrying value of the related assets or recognized as deferred income. Government grants related to assets recognized as deferred income are included in profit or loss over the useful life of the relevant assets on a reasonable and systematic basis. Government grants measured at nominal amount are directly recognized in profit or loss for the current period. In case of sale, transfer, retirement or damage of the relevant assets before the end of useful life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

c. Determination and accounting treatment of government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to both assets and income in which it is difficult to make a distinction between the portion related to assets and the portion related to income are wholly classified as government grants related to income. Government grants related to income as compensation for expenses or losses to be incurred in subsequent periods are recognized as deferred income and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss for the current period or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss for the current period or offset against the relevant costs.

d. Government grants related to day-to-day operations of the Company are recognized in other income or offset against the relevant costs and expenses depending on the nature of economic business. Government grants not related to day-to-day operations of the Company are recognized in non-operating revenue or expenses.

e. Accounting treatment of policy preferential loans and interest subsidies

(i) If the Ministry of Finance appropriates the interest subsidies to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(ii) If the Ministry of Finance directly appropriates the interest subsidies to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.

40. Deferred tax assets/deferred tax liabilities

a. The difference between the tax base of an asset or liability and its carrying value (or in case of an item not recognized as asset or liability whose tax base can be determined according to the applicable tax law, the difference between its tax base and carrying value), is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.

b. Deferred tax assets are recognized to the extent of the amount of taxable income that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in prior periods are recognized if there is conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.

c. At the balance sheet date, the carrying value of a deferred tax asset is reviewed. The Company reduces the carrying value of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.

d. Current and deferred tax of the Company is recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1) business merger; or (2) a transaction or event which is recognized directly in owner's equity.

e. The Company presents deferred tax assets and deferred tax liabilities on a net basis when all of the following conditions are met: (1) it has a legally enforceable right to set off current tax assets against current tax liabilities for the current period on a net basis; and (2) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

41. Leases

(A) Accounting treatment for leases as a lessee

At the commencement date of the lease term, the Company recognizes a lease with a lease term not more than 12 months that includes no purchase option as short-term lease; and a lease at lower value when the individually leased asset is brand-new as low value asset lease. If the Company subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term lease and low-value asset lease, the Company recognizes the lease payments in the cost of related assets or profit or loss for the current period on a straight-line basis over the term of the relevant lease.

Except the above short-term leases and low-value asset leases subject to simplified treatment, the Company recognizes the right of use assets and lease liabilities on the lease at the commencement date of the lease period.

(i) Right-of-use assets

The right of use asset is initially measured at cost, which includes: 1) the initially measured amount of the lease liability; 2) the lease payments made on or before the commencement date of the lease term less the amount related to lease incentives (if any); 3) the initial direct costs incurred by the lessee; 4) the costs that the lessee expects to incur in order to dismantle and remove the leased asset, restore the site where the leased asset locates, or restore the leased asset to the condition agreed upon in the lease terms.

The Company depreciates the right of use asset on a straight-line basis. If it reasonably ensures that ownership of the leased assets will be obtained at the expiry of the lease term, the Company will depreciate the leased assets over their remaining useful lives. If not, the Company will depreciate the leased asset over the shorter of the lease term or the remaining useful life of the leased asset.

(ii) Lease liabilities

At the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the interest rate in the lease is determined as the discount rate. If the interest rate in the lease is unavailable, the Company's incremental borrowing rate is determined as the discount rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, with interest expenses recognized at the discount rate used to recognize the present value of the lease payments and charged to profit or loss for the current period over the term of the relevant lease. The variable lease payments not measured as the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, the expected amount payable for the guaranteed residual value, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will remeasure the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right of use asset accordingly. If the carrying amount of the right of use asset has been reduced to nil but the lease liability still needs to be further reduced, the remaining amount will be recognized in profit or loss for the current period.

(B) Accounting treatment for leases as a lessor

At the commencement date of the lease, the Company classifies leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset as finance leases; all other leases are classified as operating leases.

(i) Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis over the term of the relevant lease, with initial direct costs incurred capitalized and apportioned on the same basis of recognizing rental income to include in profit or loss for the current period separately. Variable lease payments obtained by the Company relevant to operating leases that are not included in the lease receipts are recognized in profit or loss for the current period when they are actually incurred.

(ii) Finance leases

At the commencement date of the lease term, the Company recognizes the finance lease payments receivable in accordance with the net lease investment (sum of the unguaranteed balance and the lease payment not received on the commencement date of the lease period based on the present value discounted at the inherent interest rate of the lease), and derecognizes the finance lease assets. At each phase of the lease period, the Company calculates and recognizes the interest income at the inherent interest rate of the lease.

The amount of variable lease payments obtained by the Company that are not accrued to the measurement of net lease investment is accrued to the current profit or loss when actually incurred.

42. Other significant accounting policies and accounting estimates

Accounting treatment related to repurchase of the Company's shares

When the Company repurchases its own shares for reasons such as reducing registered capital or rewarding employees, the actual amount paid is treated as treasury shares, with concurrent filing records maintained. If the repurchased shares are cancelled, the difference between the total par value of the shares calculated based on the par value and number of shares cancelled and the actual amount paid for the repurchase is charged against capital reserve, and to the extent that capital reserve is insufficient, it is charged against retained earnings; if the repurchased shares are awarded to the Company's employees as equity-settled share-based payment, upon receipt of the consideration when employees exercise their rights to purchase the Company's shares, the cost of treasury shares delivered to employees and the cumulative amount of capital reserve (other capital reserve) during the vesting period are reversed, and capital reserve (share premium) is adjusted accordingly for the difference.

43. Changes in significant accounting policies and accounting estimates

(A) Changes in significant accounting policies

☐Applicable ☑Not applicable

(B) Changes in significant accounting estimates

☐Applicable ☑Not applicable

(C) Adjustments to items in the opening financial statements for the year of initial application of new accounting standards effective from 2023

☑Applicable ☐Not applicable

Description of adjustments

Changes in accounting policies resulting from changes in Accounting Standards for Business Enterprises

The Company has applied the provisions of "Interpretation No. 16 of the Accounting Standards for Business Enterprises" issued by the Ministry of Finance, entitled "Accounting Treatment for Deferred Tax on Assets and Liabilities Arising from Individual Transactions Not Subject to the Exemption from Initial Recognition", with effect from 1 January 2023. Accordingly, adjustments have been made in accordance with these provisions for individual transactions falling within the scope of the regulation that occurred between the beginning of the earliest reporting period in the financial statements reflecting the first-time application of the regulation and the date of first-time application. Where lease liabilities and right-of-use assets recognized at the beginning of the earliest reporting period in the financial statements for the first application of this provision, as well as estimated liabilities and corresponding assets recognized in relation to disposal obligations, give rise to taxable temporary differences and deductible temporary differences, the cumulative effect shall be adjusted against retained earnings and other relevant financial statement items as at the beginning of the earliest period presented in the financial statements, in accordance with these provisions and the provisions of Accounting Standards for Business Enterprises No. 18 – Income Tax. The specific adjustments are as follows:

Significantly affected financial statement items	Amount of impact	Remarks
Balance sheet items as at 31 December 2022		
Deferred tax assets	497.82	
Deferred tax liabilities	145,724.45	
Surplus reserve	-2,355.51	
Undistributed profit	-116,004.67	
Minority interests	-26,866.45	
2022 income statement items		
Income tax expense	40,941.20	
Minority interest	-30,239.61	

Note The Company has retrospectively restated its consolidated financial statements as at 1 January 2022. The impact of these adjustments on the equity attributable to the parent company in the consolidated financial statements amounts to RMB-107,658.59, comprising RMB-2,355.51 in surplus reserve and RMB-105,303.08 in undistributed profit.

44. Others

VI. TAXATION

1. Major categories of taxes and tax rates

Tax type	Taxation basis	Tax rate
Value added tax	VAT payable is the output tax based on the sale of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Actually paid turnover tax	5%, 7%
Enterprise income tax	Taxable income	10%, 15%, 20%, 25%
Property tax	If it is levied on an ad valorem basis, the tax is calculated as 1.2% of the remaining value after deducting 30% of the original value of the property; if it is levied subject to rent, the tax is calculated as 12% of the rental income	1.2%, 12%
Education surcharge	Actually paid turnover tax	3%
Local education surcharge	Actually paid turnover tax	2%

Disclosure of taxpayers with different rates of enterprise income tax

Name of taxpayer	Income tax rate
The Company	10%
Guangdong Zhongtuo Information Technology Co., Ltd. (hereinafter referred to as Zhongtuo Information), Hangzhou Huikang IoT Technology Co., Ltd. (hereinafter referred to as Huikang IoT), Hangzhou Zhuoteng Information Technology Co., Ltd. (hereinafter referred to as Zhuoteng Information), Lanzhou Yuanteng Software Technology Co., Ltd. (hereinafter referred to as Lanzhou Yuanteng) and Tianjin Zhanhua Technology Development Co., Ltd. (hereinafter referred to as Zhanhua Technology)	15%
Hangzhou Minotech Technology Co., Ltd. (hereinafter referred to as Minotech)	20%
Other taxpayers not listed above	25%

2. Tax incentives

a. Pursuant to the "Notice on VAT Policies for Software Products" (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, the Company, Hangzhou Weiqin Technology Co., Ltd. (hereinafter referred to as Hangzhou Weiqin), Zhongtuo Information, Huikang IoT, Minotech, Zhuoteng Information and Lanzhou Yuanteng are eligible for a tax incentive whereby the portion of the actual VAT burden on software product sales in excess of 3% is refunded immediately upon collection.

b. Pursuant to the provisions of the "Notice on the Full Roll-out of the Pilot Scheme for Replacing Business Tax with Value-Added Tax" (Cai Shui [2016] No. 36) issued by the Ministry of Finance and the State Administration of Taxation, the Company, Zhanhua Technology, Chuangye Software Nanjing Co., Ltd. (hereinafter referred to as Chuangye Nanjing) and Minotech are exempt from value-added tax on income derived from technology transfer, technology development and related technical consultancy and technical services.

c. Pursuant to the provisions of the announcement by the Ministry of Finance and the State Taxation Administration on "Clarifying Policies Regarding VAT Exemptions and Reductions for Small-Scale VAT Taxpayers" (No. 1 of 2023), from 1 January 2023 to 31 December 2023, taxpayers in the production-oriented service sector are permitted to offset their tax liability by adding 5% to the input tax credits available for deduction in the current period. Hangzhou Lianqi Technology Co., Ltd. (hereinafter referred to as Hangzhou Lianqi), Shanghai Chuanghang Software Co., Ltd. (hereinafter referred to as Shanghai Chuanghang), Huikang IoT, Minotech, Hangzhou Huikang Hulian Technology Co., Ltd. (hereinafter referred to as Huikang Hulian), Beijing Tongkang Medical Information Technology Co., Ltd. (hereinafter referred to as Beijing Tongkang) and Zhongtuo Information met the conditions set out in the aforementioned provisions during the current period and benefited from the policy allowing an additional deduction of input tax.

d. The Company and its subsidiaries, Huikang IoT, Zhuoteng Information, Huikang Hulian, Hangzhou Weiqin, Zhongtuo Information, Lanzhou Yuanteng and Zhanhua Technology, are all high-tech enterprises and are entitled to the preferential reduced enterprise income tax rate of 15% in the current period in accordance with the law. Furthermore, pursuant to the Ministry of Finance and the State Administration of Taxation's "Notice on Income Tax Policies on Further Encouraging the Software Industry and Integrated Circuit Development Industry" (Cai Shui [2012] No. 27), the Company expects to be recognized as a key software enterprise within the national planning framework for 2023; consequently, it will provisionally calculate and pay enterprise income tax at a reduced rate of 10% for 2023.

e. Pursuant to the "Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Business Operators" by the Ministry of Finance and the State Taxation Administration (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023), from 1 January 2023 to 31 December 2027, small and micro-profit enterprises shall have their taxable income calculated at a reduced rate of 25% and shall pay enterprise income tax at a rate of 20%.The subsidiary, Minotech, met the criteria for recognition as a small and low-profit enterprise in 2023 and benefited from the aforementioned preferential enterprise income tax policy in 2023.

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

Details of the VAT refund received on software products during the current period are set out in the notes to the consolidated financial statements under "Government grants" in the financial report.

3. Others

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	50,439.12	72,195.42
Bank deposits	447,023,492.96	957,524,169.29
Other cash at bank and on hand	647,312,708.65	520,431,343.00
Total	1,094,386,640.73	1,478,027,707.71

Other information:

Other cash at bank and on hand at the end of the period include large-denomination negotiable certificates of deposit of RMB640,000,000.00, margin for bank acceptance bills of RMB3,740,438.41, letter of guarantee deposit of RMB136,991.75, other security deposits of RMB30,000.00, other restricted funds of RMB3,052,712.20, and a balance of RMB352,566.29 in third-party payment platform accounts.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	20,042,378.08	
Of which:		
Wealth management products	20,042,378.08	
Of which:		
Total	20,042,378.08	

Other information:

3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

4. Notes receivable

(A) Presentation of notes receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	1,094,589.05	351,500.00
Total	1,094,589.05	351,500.00

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Notes receivable for which provision for bad debts allowance is made on a portfolio basis	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05	370,000.00	100.00%	18,500.00	5.00%	351,500.00
Of which:										
Commercial acceptance bills	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05	370,000.00	100.00%	18,500.00	5.00%	351,500.00
Total	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05	370,000.00	100.00%	18,500.00	5.00%	351,500.00

Provision for bad debts allowance on a portfolio basis: 310,410.95

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Commercial acceptance bills portfolio	1,405,000.00	310,410.95	22.09%
Total	1,405,000.00	310,410.95	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on notes receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(C) Description of bad debt allowance made, recovered or reversed during the current period

Description of provision for bad debts allowance during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance on a portfolio basis	18,500.00	291,910.95				310,410.95
Total	18,500.00	291,910.95				310,410.95

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

☐Applicable ☑Not applicable

(D) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period

(E) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period

(F) Description of notes receivable actually written off during the period

Unit: RMB

Item	Amount written off

O which, description of significant write-off of notes receivable:

Unit: RMB

Name of entity	Nature of notes receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of notes receivable:

5. Accounts receivable

(A) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	841,542,260.59	768,745,843.40
1-2 years	516,967,879.42	605,347,783.00
2-3 years	406,437,626.67	190,213,439.53
Over 3 years	279,186,483.25	162,285,544.50
3-4 years	146,117,066.66	82,009,471.78
4-5 years	70,361,014.21	35,154,542.33
Over 5 years	62,708,402.38	45,121,530.39
Total	2,044,134,249.93	1,726,592,610.43

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Accounts receivable for which provisions for bad debts allowance is made on an individual basis	19,990,462.62	0.98%	19,990,462.62	100.00%		12,736,616.14	0.74%	12,736,616.14	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	2,024,143,787.31	99.02%	444,469,352.70	21.96%	1,579,674,434.61	1,713,855,994.29	99.26%	323,092,110.46	18.85%	1,390,763,883.83
Of which:										
Ageing portfolio	2,024,143,787.31	99.02%	444,469,352.70	21.96%	1,579,674,434.61	1,713,855,994.29	99.26%	323,092,110.46	18.85%	1,390,763,883.83
Total	2,044,134,249.93	100.00%	464,459,815.32	22.72%	1,579,674,434.61	1,726,592,610.43	100.00%	335,828,726.60	19.45%	1,390,763,883.83

Provision for bad debts allowance is made on an individual basis: 19,990,462.62

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is anticipated that the funds are likely to be uncollectible
Other miscellaneous customers	580,830.14	580,830.14	7,834,676.62	7,834,676.62	100.00%	These companies are facing operational difficulties, and it is anticipated that the funds are likely to be uncollectible
Total	12,736,616.14	12,736,616.14	19,990,462.62	19,990,462.62		

Provision for bad debts allowance is made on a portfolio basis: 444,469,352.70

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing portfolio	2,024,143,787.31	444,469,352.70	21.96%
Total	2,024,143,787.31	444,469,352.70	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(C) Description of bad debts allowance made, recovered or reversed during the current period

Description of provisions for bad debts allowance during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance on an individual basis	12,736,616.14	6,591,409.98			662,436.50	19,990,462.62
Provision for bad debts allowance on a portfolio basis	323,092,110.46	118,921,049.42		5,431,163.02	7,887,355.84	444,469,352.70
Total	335,828,726.60	125,512,459.40		5,431,163.02	8,549,792.34	464,459,815.32

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

(D) Description of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	5,431,163.02

Of which, description of significant write-off of accounts receivable:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for Write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of accounts receivable:

(E) Top five closing balance of accounts receivable and contract assets by debtor

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	61,842,000.13		61,842,000.13	2.84%	19,376,027.36
2nd place	58,862,034.81	414,400.00	59,276,434.81	2.73%	16,995,999.45
3rd place	39,841,501.56	390,107.31	40,231,608.87	1.85%	10,891,321.70
4th place	37,754,613.34	92,964.00	37,847,577.34	1.74%	6,829,307.87
5th place	36,792,019.97		36,792,019.97	1.69%	7,358,403.99
Total	235,092,169.81	897,471.31	235,989,641.12	10.85%	61,451,060.37

6. Contract assets

(A) Description of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount
Retention money receivable	130,408,517.44	16,323,489.51	114,085,027.93	127,231,034.96	13,519,484.35	113,711,550.61
Total	130,408,517.44	16,323,489.51	114,085,027.93	127,231,034.96	13,519,484.35	113,711,550.61

(B) Significant changes in carrying amounts during the reporting period and the reasons therefor

Unit: RMB

Item	Amount of change	Reason for change

(C) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	130,408,517.44	100.00%	16,323,489.51	12.52%	114,085,027.93	127,231,034.96	100.00%	13,519,484.35	10.63%	113,711,550.61
Of which:										
Ageing portfolio	130,408,517.44	100.00%	16,323,489.51	12.52%	114,085,027.93	127,231,034.96	100.00%	13,519,484.35	10.63%	113,711,550.61
Total	130,408,517.44	100.00%	16,323,489.51	12.52%	114,085,027.93	127,231,034.96	100.00%	13,519,484.35	10.63%	113,711,550.61

Provision for bad debts allowance on a portfolio basis: 16,323,489.51

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Provision for impairment allowance on a portfolio basis	130,408,517.44	16,323,489.51	12.52%
Total	130,408,517.44	16,323,489.51	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses

☐Applicable ☑Not applicable

(D) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Item	Provision for the current period	Recoveries or reversals for the period	Write-off/ write-down for the period	Reason
Provision for impairment allowance on a portfolio basis	2,564,470.83			Provision by ageing portfolio
Total	2,564,470.83			–

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio of bad debts allowance and its reasonableness

Other information:

(E) Description of contract assets actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of contract assets

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for Write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of contract assets:

Other information:

7. Financing receivables

(A) Presentation of financing receivables by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	1,765,200.00	2,360,995.74
Total	1,765,200.00	2,360,995.74

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	1,765,200.00	100.00%			1,765,200.00	2,360,995.74	100.00%			2,360,995.74
Of which:										
Bank-acceptance bills	1,765,200.00	100.00%			1,765,200.00	2,360,995.74	100.00%			2,360,995.74
Total	1,765,200.00	100.00%			1,765,200.00	2,360,995.74	100.00%			2,360,995.74

Provision for bad debts allowance on a portfolio basis: 0

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Bank acceptance bills portfolio	1,765,200.00	0.00	0.00%
Total	1,765,200.00	0.00	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	Total
Balance as at 1 January 2023 in the current period				

Basis of classification by stage and provisioning ratio for bad debts allowance

Description of significant changes in the book balance of financing receivables subject to changes in loss provisions during the current period:

(C) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movement for the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(D) Financing receivables pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period

(E) Financing receivables endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	23,629,692.55	
Total	23,629,692.55	

(F) Financing receivables actually written off during the period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of financing receivables

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

(G) Movements (increase/decrease) and changes in fair value of financing receivables during the period

(H) Other information

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	41,966,970.52	43,901,512.53
Total	41,966,970.52	43,901,512.53

(A) Interest receivable

A.i) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

A.ii) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether impairment has occurred and the basis for that determination

Other information:

A.iii) Disclosure by bad debt provisioning method

☐Applicable ☑Not applicable

A.iv) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

		Movements during the period				
Category	Opening balance	Provision	Recoveries or reversals	Write-off or cancellation	Other movements	Closing balance

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

A.v) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(B) Dividends receivable

B.i) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

B.ii) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Ageing	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

B.iii) Disclosure by bad debt provision method

☐Applicable ☑Not applicable

B.iv) Description of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

B.v) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of dividends receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(C) Other receivables

C.i) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	64,939,442.82	64,578,592.51
Funds lent or borrowed		500,000.00
Contingency fund	4,937,136.73	3,792,442.98
Others	4,305,943.51	3,497,849.93
Total	74,182,523.06	72,368,885.42

C.ii) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	24,341,615.87	14,513,795.66
1-2 years	5,578,176.31	16,103,175.67
2-3 years	12,510,383.63	12,999,241.61
Over 3 years	31,752,347.25	28,752,672.48
3-4 years	6,309,105.97	13,876,940.21
4-5 years	12,340,364.34	5,964,634.40
Over 5 years	13,102,876.94	8,911,097.87
Total	74,182,523.06	72,368,885.42

C.iii) Disclosure by bad debt provisioning method

☑Applicable ☐Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	74,182,523.06	100.00%	32,215,552.54	43.43%	41,966,970.52	72,368,885.42	100.00%	28,467,372.89	39.34%	43,901,512.53
Of which:										
Total	74,182,523.06	100.00%	32,215,552.54	43.43%	41,966,970.52	72,368,885.42	100.00%	28,467,372.89	39.34%	43,901,512.53

Provision for bad debts allowance on a portfolio basis: 32,215,552.54

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing portfolio	74,182,523.06	32,215,552.54	43.43%
Total	74,182,523.06	32,215,552.54	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2023	725,689.78	3,220,635.13	24,521,047.98	28,467,372.89
Balance as at 1 January 2023 in the period				
–Transferred to stage 2	-278,908.82	278,908.82		
–Transferred to stage 3		-2,502,076.73	2,502,076.73	
Provision for the period	650,755.06	13,485.38	2,454,131.95	3,118,372.39
Reversal for the period			441,207.10	441,207.10
Write-off for this period			120,945.00	120,945.00
Other movements	119,544.77	104,682.66	85,317.73	309,545.16
Balance as at 31 December 2023	1,217,080.79	1,115,635.26	29,882,836.49	32,215,552.54

Basis for classification by stage and provisioning ratio for bad debts allowance

The provision for bad debts allowance in Stage 1 is 5%, in Stage 2 is 20%, and in Stage 3 is 67.51%.

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

C.iv) Description of bad debts allowance made, recovered or reversed during the current period

Description of provision for bad debts allowance during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts allowance on a portfolio basis	28,467,372.89	3,118,372.39	441,207.10	120,945.00	309,545.16	32,215,552.54
Total	28,467,372.89	3,118,372.39	441,207.10	120,945.00	309,545.16	32,215,552.54

Of which, significant amounts of bad debt allowance reversed or recovered during the period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

C.v) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off
Other receivables actually written off	120,945.00

Of which significant write-off of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of other receivables:

C.vi) Description of top five closing balance of other receivables by debtor

Unit: RMB

Name of entity	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Fujian Medical University Union Hospital	Deposits and security money	7,367,787.75	4–5 years	9.93%	5,894,230.20
Yancheng First People's Hospital	Deposits and security money	5,495,000.00	2–3 years RMB3,016,000.00; 3–4 years RMB2,479,000.00	7.41%	2,144,300.00
Hainan First Investment Holding Group Co., Ltd.	Others	2,100,000.00	Over 5 years	2.83%	2,100,000.00
Yancheng Second People's Hospital	Deposit and security money	2,030,000.00	2–3 years	2.74%	609,000.00
Guangdong Southern Telecommunications Construction Co., Ltd.	Deposit and security money	2,000,000.00	Within 1 year	2.69%	100,000.00
Total		18,992,787.75		25.60%	10,847,530.20

C.vii) Reported under other receivables due to centralised fund management

Unit: RMB

Other information:

9. Prepayments

(A) Presentation of prepayments by ageing

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	13,934,060.90	80.15%	15,683,295.76	77.73%
1-2 years	1,733,307.85	9.97%	1,637,220.20	8.11%
2-3 years	682,226.43	3.93%	1,533,206.46	7.60%
Over 3 years	1,034,765.74	5.95%	1,323,788.99	6.56%
Total	17,384,360.92		20,177,511.41	

Description of reasons for the failure to settle prepayments aged over one year and of significant amounts:

(B) Top five closing balance of prepayments by recipient

The aggregate of top five closing balance of prepayments is RMB5,851,207.65, accounting for 33.66% of the total closing balance of prepayments.

Other information:

10. Inventories

Is the Company required to comply with the disclosure requirements for the real estate sector?

No

(A) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount
Inventory stock	156,945,798.39	3,054,790.99	153,891,007.40	112,014,761.71	2,846,303.02	109,168,458.69
Reusable materials				5,433,337.07		5,433,337.07
Contract performance costs	133,615,538.13	4,271,669.63	129,343,868.50	148,114,355.96	62,742.09	148,051,613.87
Total	290,561,336.52	7,326,460.62	283,234,875.90	265,562,454.74	2,909,045.11	262,653,409.63

(B) Provision for inventory write-down or impairment allowance of contract performance costs

Unit: RMB

Item	Opening balance	Amount of increase for the period		Amount of decrease for the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Inventory stock	2,846,303.02	1,175,271.69		966,783.72		3,054,790.99
Contract performance costs	62,742.09	4,238,145.62		29,218.08		4,271,669.63
Total	2,909,045.11	5,413,417.31		996,001.80		7,326,460.62

Provision for inventory write-down by portfolio

Unit: RMB

Portfolio name	At the end of period			At the beginning of period		
	Closing balance	Inventory write-down	Provisioning ratio for inventory write-down	Opening balance	Inventory write-down	Provisioning ratio for inventory write-down

Criteria of provision for inventory write-down by portfolio

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and a provision for decline in value of inventory is recognized for the difference between the cost of an individual item of inventory and its net realizable value. The net realizable value of inventory stock is determined as the estimated selling price of the inventory less the estimated selling expenses and related taxes. Any decrease during the period represents the reversal of the previously recognized provision for decline in value of inventory in conjunction with the sale of inventory stock.

(C) Description of the amount of capitalized borrowing costs included in the closing balance of inventories

(D) Description of the amount of contract performance costs amortized during the period

11. Held-for-sale assets

Unit: RMB

Item	Book balance at the end of period	Impairment allowance	Carrying amount at the end of period	Fair value	Estimated disposal costs	Estimated time of disposal

Other information:

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance

(A) Debt investments due within one year

☐Applicable ☑Not applicable

(B) Other debt investments due within one year

☐Applicable ☑Not applicable

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input VAT to be offset	1,628,257.87	327,019.11
Prepaid enterprise income tax	244,409.18	275,651.77
Total	1,872,667.05	602,670.88

Other information:

14. Debt investments

(A) Description of debt investments

Unit: RMB

Item	Book balance	Closing balance		Opening balance		Carrying amount
		Impairment allowance	Carrying amount	Book balance	Impairment allowance	
Debt investments	1,286,058.00		1,286,058.00	9,857,258.00		9,857,258.00
Total	1,286,058.00		1,286,058.00	9,857,258.00		9,857,258.00

Movements in impairment allowance of debt investments during the period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

(B) Significant debt investments at the end of the period

Unit: RMB

Debt item	Closing balance					Opening balance				
	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal

(C) Provision for impairment allowance

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2023 in the period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(D) Description of debt investments written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of debt investments

Description of write-off of debt investments:

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

Other information:

In 2016, the Company, acting as a limited partner, made an investment in Yiwu Qiantang Sports and Culture Investment Partnership (Limited Partnership). Pursuant to the Supplementary Agreement on the Transfer of Shares of Yiwu Qiantang Sports and Culture Investment Partnership (Limited Partnership) signed between the Company, other partners and Yinjiang Technology Group Co., Ltd., Yinjiang Capital Co., Ltd. and Wang Hui in February 2022, the Company recovered the aforementioned investment in instalments. As at 31 December 2023, the Company had recovered a total of RMB13,713,942.00 of the investment amount (as at the date of approval and issuance of this report, the closing balance has been fully recovered).

15. Other debt investments

(A) Description of other debt investments

Unit: RMB

Item	Opening balance	Accrued interest	Interest adjustment	Change in fair value for the period	Closing balance	Cost	Cumulative changes in fair value	Accumulated impairment allowance recognized in other comprehensive income	Remarks

Changes in impairment allowance for other debt investments during the period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

(B) Other significant debt investments at the end of the period

Unit: RMB

Other debt items	Closing balance					Opening balance				
	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal

(C) Impairment allowance

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2023 in the period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(D) Description of other debt investments written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of other debt investments

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

Other information:

16. Other investments in equity instruments

Unit: RMB

Name of item	Closing balance	Opening balance	Gains recognized in other comprehensive income for the period	Loss recognized in other comprehensive income for the period	Cumulative gains recognized in other comprehensive income at the end of the period	Cumulative losses recognized in other comprehensive income at the end of the period	Dividend income recognized for the period	Reasons for designating the item as measured at fair value through other comprehensive income
Shanghai Health Information Engineering Technology Research Centre Co., Ltd.		1,862,518.64	190,532.48					This investment is a non-trading equity instrument investment
Hangzhou Wutongshu Information Technology Co., Ltd.	3,345,147.53	3,345,177.41		29.88		1,654,852.47		This investment is a non-trading equity instrument investment
Hangzhou Zhongfu Investment Management Co., Ltd.		400,282.51		400,282.51		1,500,000.00		This investment is a non-trading equity instrument investment
Zhejiang Future Community Development and Operation Group Co., Ltd.	2,335,260.63	2,498,117.77		162,857.14		1,564,739.37		This investment is a non-trading equity instrument investment
Total	5,680,408.16	8,106,096.33	190,532.48	563,169.53		4,719,591.84		

Derecognition occurred during the period

Unit: RMB

Name of item	Accumulated gains transferred to retained earnings	Accumulated losses transferred to retained earnings	Reason for derecognition
Shanghai Health Information Engineering Technology Research Centre Co., Ltd.	53,051.12		Deregistration of company

Sub-item disclosure of non-trading equity instrument investments in the current period

Unit: RMB

Name of item	Recognized dividend income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for designating as measured at fair value through other comprehensive income	Reason for transfer from other comprehensive income to retained earnings

Other information:

17. Long-term receivables

(A) Description of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount	

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Of which:										

Provision for bad debts allowance using the general model for expected credit losses

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2023 in the period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(C) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	

Of which, significant amounts of bad debt allowance reversed or recovered during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(D) Description of long-term receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Description of significant write-off of long-term receivables:

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of long-term receivables:

18. Long-term equity investments

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	23,537,237.95			3,031,654.06	46,495.16	-5,004,475.87					15,547,603.18	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	49,330,118.48			23,884,476.53	6,135,547.75						31,581,189.70	
Chengdu Miso Information Technology Co., Ltd.	237,063.92				-23,079.51						213,984.41	
Odin Health Limited	12,030,990.11				1,742,139.70			728,451.00			13,044,678.81	
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.	4,374,533.82				-4,374,533.82							
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	29,514,540.64				680,039.27						30,194,579.91	
Hangzhou Meiqing Digital Technology Co., Ltd.	32,738,361.55				1,375,765.89						34,114,127.44	
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	45,189,490.63				-904,991.25						44,284,499.38	
Wenzhou City Smart Health Co., Ltd. (hereinafter referred to as Wenzhou Health)	1,732,375.93				-308,773.26					-1,423,602.67		
Zhejiang Yishan Smart Healthcare Research Limited (hereinafter referred to as Zhejiang Yishan)	10,636,790.06				618,444.79					-11,255,234.85		
Subtotal	209,321,503.09			26,916,130.59	4,987,054.72	-5,004,475.87		728,451.00		-12,678,837.52	168,980,662.83	
Total	209,321,503.09			26,916,130.59	4,987,054.72	- 5,004,475.87		728,451.00		-12,678,837.52	168,980,662.83	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Hangzhou Anfeng Shangying Venture Capital Partnership (Limited Partnership)	11,838,630.33	10,432,205.84
Zhejiang Zheshang Industrial and Financial Investment Partnership (Limited Partnership) (formerly known as Zhejiang Zheshang Industrial and Financial Equity Investment Fund Partnership (Limited Partnership))	85,948,487.68	100,000,000.00
Hefei Hongborunze Equity Investment Partnership (Limited Partnership)	19,048,130.00	19,318,486.75
Total	116,835,248.01	129,750,692.59

Other information:

20. Investment properties

(A) Investment properties measured at cost

☑Applicable ☐Not applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	4,669,984.15			4,669,984.15
2. Increase for the period				
(1) Acquired externally				
(2) Transfer from inventory/fixed assets/ construction in progress				
(3) Additions due to business merger				
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	4,669,984.15			4,669,984.15

Item	Buildings and structures	Land use rights	Construction in progress	Total
II. Accumulated depreciation and amortization				
1. Opening balance	2,087,775.71			2,087,775.71
2. Increase for the period	221,925.24			221,925.24
(1) Provision or amortization	221,925.24			221,925.24
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	2,309,700.95			2,309,700.95
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	2,360,283.20			2,360,283.20
2. Carrying amount at the beginning of period	2,582,208.44			2,582,208.44

Recoverable amount is determined as fair value less costs of disposal

☐Applicable ☑Not applicable

The recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

(B) Investment properties measured at fair value

☐Applicable ☑Not applicable

(C) Conversion to investment properties and measured at fair value

Unit: RMB

Item	Accounting item prior to conversion	Amount	Reason for conversion	Approval procedure	Impact on profit or loss	Impact on other comprehensive income

(D) Investment properties for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	303,467,328.02	281,035,163.06
Total	303,467,328.02	281,035,163.06

(A) Description of fixed assets

Unit: RMB

Item	Buildings and structures	Vehicles	Other equipment	Total
I. Original carrying amount:				
1. Opening balance	317,365,404.03	36,909,735.88	52,377,645.56	406,652,785.47
2. Increase for the period	30,755,180.89	3,157,776.90	12,714,756.44	46,627,714.23
(1) Purchases	26,925,428.18	1,839,421.43	9,234,230.92	37,999,080.53
(2) Transfer from construction in progress				
(3) Additions due to business merger	3,829,752.71	1,318,355.47	3,480,525.52	8,628,633.70
3. Decrease for the period	2,581,120.71	7,192,508.33	1,903,825.66	11,677,454.70
(1) Disposal or retirement	2,581,120.71	7,192,508.33	1,903,825.66	11,677,454.70
4. Closing balance	345,539,464.21	32,875,004.45	63,188,576.34	441,603,045.00

Item	Buildings and structures	Vehicles	Other equipment	Total
II. Accumulated depreciation				
1. Opening balance	68,041,215.25	22,423,593.89	35,152,813.27	125,617,622.41
2. Increase for the period	9,915,287.60	3,445,403.21	7,241,748.39	20,602,439.20
(1) Provision	9,458,685.35	2,690,256.22	5,537,407.28	17,686,348.85
2) Additions due to business merger	456,602.25	755,146.99	1,704,341.11	2,916,090.35
3. Decrease for the period	837,681.18	5,450,098.44	1,796,565.01	8,084,344.63
(1) Disposal or retirement	837,681.18	5,450,098.44	1,796,565.01	8,084,344.63
4. Closing balance	77,118,821.67	20,418,898.66	40,597,996.65	138,135,716.98
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposal or retirement				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	268,420,642.54	12,456,105.79	22,590,579.69	303,467,328.02
2. Carrying amount at the beginning of period	249,324,188.78	14,486,141.99	17,224,832.29	281,035,163.06

(B) Description of fixed assets that are temporarily idle

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Impairment allowance	Carrying amount	Remarks

(C) Fixed assets leased out under operating leases

Unit: RMB

Item	Carrying amount at the end of period
Buildings and structures	32,141,478.70

(D) Fixed assets for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate
Apartments	408,346.90	Relevant procedures are currently in progress

Other information:

(E) Impairment testing of fixed assets

☐Applicable ☑Not applicable

(F) Clearance of fixed assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	285,815,550.28	169,788,017.88
Total	285,815,550.28	169,788,017.88

(A) Description of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Smart Health Technology Product Industrialization Base Project	285,815,550.28		285,815,550.28	169,788,017.88		169,788,017.88
Total	285,815,550.28		285,815,550.28	169,788,017.88		169,788,017.88

(B) Changes in significant construction-in-progress projects during the period

Unit: RMB

Name of item	Budgeted amount	Opening balance	Increase for the period	Amount transferred to fixed assets during the period	Other amount of decrease for the period	Closing balance	Cumulative expenditure on the project as a percentage of the budget	Project progress	Cumulative amount of capitalized interest	Of which: Amount of interest capitalized for the period	Interest capitalization rate for the current period	Source of fund
Smart Health Technology Product Industrialization Base Project	34,879.00	169,788,017.88	116,027,532.40			285,815,550.28	81.94%	90.00%				Funds raised and others
Total	34,879.00	169,788,017.88	116,027,532.40			285,815,550.28						

(C) Provision for impairment allowance of construction in progress in the current period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for provision

Other information:

(D) Impairment testing of construction in progress

☐Applicable ☑Not applicable

(E) Construction materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

23. Bearer biological assets

(A) Bearer biological assets measured at cost

☐Applicable ☑Not applicable

(B) Impairment testing of bearer biological assets measured at cost

☐Applicable ☑Not applicable

(C) Bearer biological assets measured at fair value

☐Applicable ☑Not applicable

24. Oil and gas assets

☐Applicable ☑Not applicable

25. Right-of-use assets

(A) Description of right-of-use assets

Unit: RMB

Item	Buildings and structures	Total
I. Original carrying amount		
1. Opening balance	19,238,668.84	19,238,668.84
2. Increase for the period	12,455,414.70	12,455,414.70
(1) Leased in	10,541,432.00	10,541,432.00
(2) Additions due to business merger	1,913,982.70	1,913,982.70
3. Decrease for the period	11,340,217.75	11,340,217.75
1) Surrender or expiry of lease	11,340,217.75	11,340,217.75
4. Closing balance	20,353,865.79	20,353,865.79
II. Accumulated depreciation		
1. Opening balance	11,037,211.49	11,037,211.49
2.Increase for the period	6,008,643.49	6,008,643.49
(1) Provision	5,633,395.43	5,633,395.43
(2) Additions due to business merger	375,248.06	375,248.06
3. Decrease for the period	10,038,431.83	10,038,431.83
(1) Disposal		
(2) Surrender or expiry of lease	10,038,431.83	10,038,431.83
4. Closing balance	7,007,423.15	7,007,423.15
III. Impairment allowance		
1. Opening balance		
2. Increase for the period		
(1) Provision		
3. Decrease for the period		
(1) Disposal		
4. Closing balance		
IV. Carrying amount		
1. Carrying amount at the end of period	13,346,442.64	13,346,442.64
2. Carrying amount at the beginning of period	8,201,457.35	8,201,457.35

(B) Impairment testing of right-of-use assets

☐Applicable ☑Not applicable

Other information:

26. Intangible assets

(A) Description of intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patented technology	Software and software license fee	Franchise rights	Total
I. Original carrying amount						
1. Opening balance	14,401,428.16	2,300,000.00		667,347,281.66	67,533,966.69	751,582,676.51
2. Increase for the period				191,692,550.07		191,692,550.07
(1) Purchases				2,506,521.29		2,506,521.29
(2) Internal R&D				161,945,031.79		161,945,031.79
(3) Additions due to business merger				27,240,996.99		27,240,996.99
3. Decrease for the period						
(1) Disposal						
				0.00		0.00
4. Closing balance	14,401,428.16	2,300,000.00	0.00	859,039,831.73	67,533,966.69	943,275,226.58
II. Accumulated amortization						
1. Opening balance	1,184,734.70	882,500.28		128,957,766.84	20,822,973.26	151,847,975.08
2. Increase for the period	288,028.57	217,499.72		88,255,839.57	6,753,396.67	95,514,764.53
(1) Provision	288,028.57	217,499.72	0.00	85,787,959.20	6,753,396.67	93,046,884.16
2) Additions due to business merger				2,467,880.37		2,467,880.37
3. Decrease for the period						0.00
(1) Disposal						
				0.00		0.00
4. Closing balance	1,472,763.27	1,100,000.00		217,213,606.41	27,576,369.93	247,362,739.61
III. Impairment allowance						
1. Opening balance						
2. Increase for the period						
(1) Provision						
3. Decrease for the period						
(1) Disposal						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of period	12,928,664.89	1,200,000.00		641,826,225.32	39,957,596.76	695,912,486.97
2. Carrying amount at the beginning of period	13,216,693.46	1,417,499.72		538,389,514.82	46,710,993.43	599,734,701.43

The intangible assets generated through the Company's internal R&D accounted for 65.74% of the balance of intangible assets at the end of the period.

(B) Description of land use rights for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

(C) Impairment testing of intangible assets

☐Applicable ☑Not applicable

27. Goodwill

(A) Original carrying amount of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Arising from business merger		Disposal		
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72					1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd. and Zhongshan Lantian Computer Co., Ltd.	19,965,281.29					19,965,281.29
Hangzhou Huikang IoT Technology Co., Ltd.	1,021,541,839.57					1,021,541,839.57
Hangzhou Zhuoteng Information Technology Co., Ltd.	15,989,472.27					15,989,472.27
Hangzhou Minotech Technology Co., Ltd.	34,652,019.35					34,652,019.35
Lanzhou Yuanteng Software Technology Co., Ltd.		17,218,286.25				17,218,286.25
Total	1,093,270,590.20	17,218,286.25				1,110,488,876.45

(B) Impairment allowance of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision		Disposal		
Hangzhou Minotech Technology Co., Ltd.	15,450,460.76	2,098,081.17				17,548,541.93
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72					1,121,977.72
Hangzhou Huikang IoT Technology Co., Ltd.	94,127,995.49	29,839,689.71				123,967,685.20
Total	110,700,433.97	31,937,770.88				142,638,204.85

(C) Information regarding the asset group or portfolio of asset groups to which the goodwill relates

Name	Composition and basis of the asset group or portfolio	Operating segment to which it belongs and the basis	Consistency with previous years
Hangzhou Weiqin asset group	Composition of asset group: Hangzhou Weiqin asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Zhongtuo Information asset group	Composition of asset group: Zhongtuo Information asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Huikang IoT asset group	Composition of asset group: Huikang IoT asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Zhuoteng Information asset group	Composition of asset group: Zhuoteng Information asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Minotech asset group	Composition of asset group: Minotech asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Lanzhou Yuanteng asset group	Composition of asset group: Lanzhou Yuanteng asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes

Changes to the asset group or portfolio of asset groups

Name	Composition prior to the change	Composition after the change	Objective facts and basis for the change
Zhongtuo Information asset group	Zhongtuo Information and Lantian Computer asset group	Zhongtuo Information asset group	In 2016, the Company acquired Zhongtuo Information and Zhongshan Lantian Computer Co., Ltd. (hereinafter referred to as Lantian Computer) as a series of transaction, with goodwill calculated on a combined basis. Lantian Computer and Zhongtuo Information are engaged in the same business. During the current period, Lantian Computer was deregistered and its operations were integrated into Zhongtuo Information.

Other notes

(D) Specific method for determining recoverable amount

The recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

The recoverable amount is determined as the present value of estimated future cash flows

☑Applicable ☐Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Number of years in the forecast period	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining key parameters for the stable period
Zhongtuo Information	62,136,811.22	65,000,000.00		5	Revenue growth rates and profit margins during the forecast period are based on historical data, taking into account of future development	Forecast data and parameters of stable period are based on relevant data for 2028 forecasts	Weighted return before tax of 10.92% is a discount rate
Huikang IoT	991,839,689.71	962,000,000.00	29,839,689.71	5	Revenue growth rates and profit margins during the forecast period are based on historical data, taking into account of future development.	Forecast data and parameters of stable period are based on relevant data for 2028 forecasts	Weighted return before tax of 11.20% is a discount rate
Zhuoteng Information	56,367,356.23	73,000,000.00		5	Revenue growth rates and profit margins during the forecast period are based on historical data, taking into account of future development.	Forecast data and parameters of stable period are based on relevant data for 2028 forecasts	Weighted return before tax of 10.20% is a discount rate
Minotech	81,113,884.66	77,000,000.00	2,098,081.17	5	Revenue growth rates and profit margins during the forecast period are based on historical data, taking into account of future development.	Forecast data and parameters of stable period are based on relevant data for 2028 forecasts	Weighted return before tax of 11.40% is a discount rate
Lanzhou Yuanteng	87,998,958.68	159,000,000.00		5	Revenue growth rates and profit margins during the forecast period are based on historical data, taking into account of future development.	Forecast data and parameters of stable period are based on relevant data for 2028 forecasts	Weighted return before tax of 12.28% is a discount rate
Total	1,279,456,700.50	1,336,000,000.00	31,937,770.88				

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(E) Fulfilment of results performance commitments and corresponding goodwill impairment

Performance commitments existed when goodwill was formed and the reporting period or the period immediately preceding the reporting period was within the performance commitment period

☑Applicable ☐Not applicable

Unit: RMB

Item	Fulfilment of results performance commitments						Amount of goodwill impairment	
	Current period			Previous period				
	Committed results performance	Actual results performance	Attainment ratio	Committed results performance	Actual results performance	Attainment ratio	Current period	Previous period
Lanzhou Yuanteng	16,000,000.00	16,999,240.29	106.25%					

Other information:

28. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Amount of increase for the period	Amortization for the period	Other amount of decrease	Closing balance
Leasehold improvements	1,513,547.99	1,839,871.88	447,647.65		2,905,772.22
Maintenance agency fees	10,956,873.30		10,956,873.30		
Total	12,470,421.29	1,839,871.88	11,404,520.95		2,905,772.22

Other information:

The maintenance agency fee represents the fee paid by Huikang IoT, acting as the domestic general agent for OKI Electric Industry (Shenzhen), for the provision of paid maintenance support for the ATM machines sold by OKI Electric Industry (Shenzhen).

29. Deferred tax assets/deferred tax liabilities

(A) Deferred tax assets which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment allowance of assets	488,127,440.40	49,544,916.79	350,438,288.57	35,706,718.80
Unrealized profits on intragroup transactions	2,045,074.15	204,507.42	1,293,786.52	129,378.65
Changes in fair value of other non-current financial assets	13,164,751.99	1,316,475.20	249,307.41	24,930.73
Share-based payment	21,984,351.43	2,198,435.14	383,984.90	38,398.49
Lease liabilities	12,550,946.65	1,227,672.75	7,076,508.66	1,121,103.48
Total	537,872,564.62	54,492,007.30	359,441,876.06	37,020,530.15

(B) Deferred tax liabilities which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Other comprehensive income	70,181.20	7,018.12	5,074,657.07	507,465.71
Changes in fair value of financial assets held for trading	42,378.08	6,356.71		
Right-of-use assets	13,229,382.64	1,302,095.10	8,201,457.35	1,266,330.11
Total	13,341,941.92	1,315,469.93	13,276,114.42	1,773,795.82

(C) Presentation of deferred tax assets or liabilities on a netting basis

Unit: RMB

Item	Offsetting amount of deferred tax assets and liabilities at the end of period	Closing balance of deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities at the beginning of period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	1,314,242.39	53,177,764.91	1,120,605.66	35,899,924.49
Deferred tax liabilities	1,314,242.39	1,227.54	1,120,605.66	653,190.16

(D) Breakdown of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	175,146,493.39	141,005,274.35
Total	175,146,493.39	141,005,274.35

(E) Deductible losses, for which no deferred tax assets are recognized, will expire in the following year

Unit: RMB

Year	Amount at the end of period	Amount at the beginning of period	Remarks

Other information:

30. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

31. Assets subject to restrictions on ownership or right of use

Unit: RMB

Item	End of period				Beginning of period			
	Book balance	Carrying amount	Type of restriction	Restriction status	Book balance	Carrying amount	Type of restriction	Restriction status
Cash at bank and on hand	6,960,142.36	6,960,142.36	Pledged and frozen	RMB3,907,430.16 represents other cash at bank and on hand, including margin for bank acceptance bills of RMB3,740,438.41, letter of guarantee deposit of RMB136,991.75 yuan and other security deposits of RMB30,000.00. RMB3,052,712.20 represents funds in bank accounts held for collection only.	431,343.00	431,343.00	Pledged	All are other cash at bank and on hand, including margin for bank acceptance bills of RMB202,351.25, letter of guarantee deposit of RMB196,991.75 and other security deposits of RMB32,000.00.
Total	6,960,142.36	6,960,142.36			431,343.00	431,343.00		

Other information:

32. Short-term borrowings

(A) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings		97,322,500.00
Guaranteed and secured borrowings	7,300,000.00	
Interest on short-term loans	7,401.39	2,585,416.67
Total	7,307,401.39	99,907,916.67

Description of the classification of short-term borrowings:

(B) Description of overdue and outstanding short-term borrowings

The total amount of short-term borrowings that are past due and outstanding at the end of the current period is RMB:Nil, of which significant short-term borrowings past due and outstanding are as follows:

Unit: RMB

Borrowing entity	Closing balance	Interest rate	Overdue period	Overdue interest rate

Other information:

33. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	10,200,000.00	
Of which:		
Contingent consideration for the acquisition of equity in a subsidiary	10,200,000.00	
Of which:		
Total	10,200,000.00	

Other information:

This represents the fair value of the contingent consideration for the Company's acquisition of a 51.00% equity interest in Lanzhou Yuanteng. For further details, please refer to the section "Changes in the scope of consolidation" in this financial report.

34. Derivative financial liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

35. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance bills	34,577,181.10	2,023,512.50
Total	34,577,181.10	2,023,512.50

The total amount of notes payable that have fallen due but remain unpaid at the end of the period is RMB:Nil. The reason for the non-payment is.

36. Accounts payable

(A) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment of goods	562,687,730.78	493,183,194.45
Construction payments	21,907,457.37	25,046,115.54
Software licence fee	50,000,000.00	120,000,000.00
Other	7,098,325.98	8,985,010.49
Total	641,693,514.13	647,214,320.48

(B) Significant accounts payable aged over one year or past due

Unit: RMB

Item	Closing balance	Reason for non-repayment or carry forward
Philips (China) Investment Co., Ltd.	50,000,000.00	Payment conditions are not met at the end of 2023
Total	50,000,000.00	

Other information:

37. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	37,246,917.96	46,298,414.91
Total	37,246,917.96	46,298,414.91

(A) Interest payable

Unit: RMB

Item	Closing balance	Opening balance

Significant interest which is overdue but remains unsettled:

Unit: RMB

Borrowing entity	Overdue amount	Reason for overdue

Other information:

(B) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance

Other information, including significant dividends payable that have been outstanding for more than one year, should disclose the reasons for non-payment:

(C) Other payables

C.i) Presentation of other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Deposits and security money	4,828,264.97	10,874,232.27
Reimbursements payable	14,940,936.86	8,928,540.07
Temporary advances	2,532,250.00	7,371,700.00
Equity payment payable	3,266,300.00	8,266,300.00
Others	11,679,166.13	10,857,642.57
Total	37,246,917.96	46,298,414.91

C.ii) Significant other payables aged over one year or past due

Unit: RMB

Item	Closing balance	Reason for non-repayment or carry forward

C.iii) Other information on top five closing balance of other payables by counterparty

Other information:

38. Receipts in advance

(A) Presentation of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Lease payment of properties	75,334.83	98,836.29
Total	75,334.83	98,836.29

(B) Significant receipts in advance aged over one year or past due

Unit: RMB

Item	Closing balance	Reason for non-repayment or carry forward

Unit: RMB

Item	Amount of change	Reason for change

39. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	157,596,511.61	179,362,607.69
Total	157,596,511.61	179,362,607.69

Significant contract liabilities aged over one year

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Amount and reason for significant changes in carrying amount during the reporting period

Unit: RMB

Item	Amount of change	Reason for change

40. Employee benefits payable

(A) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term benefits	49,432,125.46	642,104,428.90	637,808,808.78	53,727,745.58
II. Post-employment benefits – defined contribution plan	2,494,258.60	45,560,529.88	44,986,911.98	3,067,876.50
III. Severance benefits		3,246,520.17	3,246,520.17	
Total	51,926,384.06	690,911,478.95	686,042,240.93	56,795,622.08

(B) Presentation of short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	47,498,056.60	546,692,646.48	542,570,244.74	51,620,458.34
2. Employee welfare expenses		34,009,465.28	34,009,465.28	0.00
3. Social insurance contributions	1,643,108.38	27,196,906.33	27,166,131.91	1,673,882.80
Of which: medical insurance	1,602,405.77	26,033,975.30	26,010,253.44	1,626,127.63
Work-related injuries insurance	36,915.49	750,600.82	743,173.18	44,343.13
Maternity insurance	3,787.12	412,330.21	412,705.29	3,412.04
4. Housing provident fund	114,291.80	32,087,147.04	32,092,927.44	108,511.40
5. Trade union fees and employee education expenses	176,668.68	2,118,263.77	1,970,039.41	324,893.04
Total	49,432,125.46	642,104,428.90	637,808,808.78	53,727,745.58

(C) Presentation of the defined contribution plan

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	2,408,416.07	44,008,621.42	43,454,603.40	2,962,434.09
2. Unemployment insurance fee	85,842.53	1,551,908.46	1,532,308.58	105,442.41
Total	2,494,258.60	45,560,529.88	44,986,911.98	3,067,876.50

Other information:

41. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	114,196,802.97	96,804,070.67
Enterprise income tax	10,909,375.99	8,547,802.79
Personal income tax	2,201,607.06	2,385,175.34
Urban maintenance and construction tax	11,584,560.56	9,840,921.59
Education surcharge	4,620,012.29	4,287,610.03
Local education surcharge	3,068,997.33	2,831,099.50
Property tax	1,090,637.23	1,104,190.33
Land use tax	236,240.68	48,508.67
Stamp duty	221,045.15	211,616.80
Others	3,864.20	
Total	148,133,143.46	126,060,995.72

Other information:

42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	3,708,213.42	4,232,022.01
Total	3,708,213.42	4,232,022.01

Other information:

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax to be transferred	15,440,792.10	16,382,276.27
Total	15,440,792.10	16,382,276.27

Changes (increase/decrease) in short-term bonds payable:

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period		Closing balance	Whether there is default
Total													

Other information:

45. Long-term borrowings

(A) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance

Description of the classification of long-term borrowings:

Other information, including the range of interest rate:

46. Bonds payable

(A) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance

(B) Changes (increase/decrease) in bonds payable (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period		Closing balance	Whether there is default
Total	-												-

(C) Description of convertible corporate bonds

(D) Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of period		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Description of the basis for classifying other financial instruments as financial liabilities

Other information:

47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	9,879,070.73	2,956,176.97
Less: Unrecognized finance costs	-1,036,337.50	-111,690.32
Total	8,842,733.23	2,844,486.65

Other information:

48. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance

(A) Presentation of long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance

Other information:

(B) Special-purpose payables

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation

Other information:

49. Long-term employee benefits payable

(A) A table showing long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance

(B) Movements in defined benefit plans

Present value of defined benefit plan obligations:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Plan assets:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Net liability (net asset) of defined benefit plans

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period

Description of the defined benefit plan, associated risks, and the impact on the Company's future cash flows, timing and uncertainty:

Description of the key actuarial assumptions and sensitivity analysis results for the defined benefit plan:

Other information:

50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason for formation

Other information, including significant assumptions and estimates relating to significant estimated liabilities:

51. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation
Government grants	4,904,501.84		55,916.36	4,848,585.48	Grants from the government free of charge
Total	4,904,501.84		55,916.36	4,848,585.48	

Other information:

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

53. Share capital

Unit: RMB

	Opening balance	Changes (+/-) during the period					Closing balance
		Issue of new shares	Bonus shares	Conversion of capital reserve into shares	Others	Subtotal	
Total number of shares	1,549,335,292.00				-210,600.00	-210,600.00	1,549,124,692.00

Other information:

Pursuant to the resolution of the Company's third extraordinary general meeting of 2022 and the provisions of the amended Articles of Association, the Company repurchased 210,600 restricted RMB ordinary shares (A-shares) granted to 11 natural persons, including Tao Baoping, but not yet unlocked, using cash at bank and on hand of RMB858,102.00, thereby reducing the capital reserve (share premium) by RMB647,502.00, and simultaneously transferred out treasury shares of RMB858,102.00. The aforementioned capital reduction has been verified by Pan-China Certified Public Accountants LLP which has issued 'Capital Verification Report' (Tian Jian Yan [2023] No. 148) on 19 April 2023.

54. Other equity instruments

(A) Basic information on other financial instruments, such as preference shares and perpetual bonds, outstanding at the end of the period

(B) A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Opening balance		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Changes in other equity instruments during the period, reasons for such changes, and the basis for the relevant accounting treatment:

Other information:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (share premium)	1,499,893,035.60		647,502.00	1,499,245,533.60
Other capital reserve	25,947,641.95	27,595,284.23		53,542,926.18
Total	1,525,840,677.55	27,595,284.23	647,502.00	1,552,788,459.78

Other information, including changes for the period and reasons for such changes:

1) Capital reserve (other capital reserve) increased by RMB27,595,284.23 in the current period, representing share-based payment expenses of RMB27,595,284.23 recognized during the current period; please refer to the description on share-based payment in this financial report for further details.

2) Capital reserve (share premium) decreased by RMB647,502.00 in the current period, resulting from the cancellation of restricted shares which are unlocked, thereby reducing the capital reserve (share premium) by RMB647,502.00; please refer to the description on share capital in the notes in this financial report for further details.

56. Treasury shares

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Restricted share repurchase obligation	858,102.00		858,102.00	
Shares repurchased		31,000,786.19		31,000,786.19
Total	858,102.00	31,000,786.19	858,102.00	31,000,786.19

Other information, including changes (increase/decrease) during the period and explanations of the reasons for such changes:

The repurchase obligation for restricted shares decreased by RMB858,102.00; please refer to the description on share capital in this financial report for further details.

The increase of RMB31,000,786.19 in share repurchases in the current period is attributable to the resolution passed at the 20th meeting of the 7th Board of Directors in 2022 and the 3rd Extraordinary General Meeting of Shareholders in 2022. The Company repurchased its own shares using its own funds via centralised competitive bidding. During the current period, the Company has actually repurchased 4,698,200 shares, representing 0.3033% of the Company's total share capital and paid a total repurchase consideration of RMB31,000,786.19.

57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in the period						Closing balance
		Amount incurred before income tax for the period	Less: Amount included in other comprehensive income in previous period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in previous period and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be subsequently reclassified to profit or loss	780,753.40	-5,377,112.92		53,051.12		-5,430,164.04		-4,649,410.64
Other comprehensive income that cannot be reclassified to profit or loss under the equity method	5,074,657.07	-5,004,475.87				-5,004,475.87		70,181.20
Change in fair value of other investments in equity instruments	-4,293,903.67	-372,637.05		53,051.12		-425,688.17		-4,719,591.84
Total other comprehensive income	780,753.40	- 5,377,112.92		53,051.12		-5,430,164.04		-4,649,410.64

Other information, including adjustment of the effective part of the cash flow hedge gains and losses transferred to initially recognized amount of hedged items:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

Other information, including details of increase and decrease for the period and reasons for such changes:

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	137,526,898.70			137,526,898.70
Total	137,526,898.70			137,526,898.70

Description of surplus reserve, including details of increase and decrease for the period and reasons for such changes:

60. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustments	1,380,917,494.99	1,384,889,157.58
Total adjustments to opening balance of undistributed profit (increase "+", decrease "-")		-105,303.08
Adjusted opening balance of undistributed profit	1,380,917,494.99	1,384,783,854.50
Add: Net profit attributable to owners of the parent company for the current period	36,688,499.59	42,627,271.25
Dividends payable on ordinary shares	15,468,480.24	46,493,630.76
Transfer of other comprehensive income to retained earnings		-53,051.12
Closing balance of undistributed profit	1,402,190,565.46	1,380,917,494.99

Details of adjustments to the opening balance of undistributed profits:

i) Effect on the opening balance of undistributed profits due to retrospective adjustment pursuant to the Accounting Standards for Business Enterprises and related new provisions: Nil.

ii) Effect on the opening balance of undistributed profits due to changes in accounting policies: Nil.

iii) Effect on the opening balance of undistributed profits due to the correction of material accounting errors: Nil.

iv) Effect on the opening balance of undistributed profits due to changes in the scope of consolidation resulting from business merger involving entities under common control: Nil.

v) Effect on the opening balance of undistributed profits due to other adjustments: Nil.

61. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	1,612,982,175.33	856,124,366.78	1,523,721,476.37	772,249,474.13
Other operations	2,890,994.93	685,006.83	3,417,193.87	689,470.77
Total	1,615,873,170.26	856,809,373.61	1,527,138,670.24	772,938,944.90

Is the lower of the audited net profit before and after deduction of non-recurring gain or loss negative

☐Yes ☑No

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type								
Of which:								
Software sales	683,067,367.68	295,743,497.26					683,067,367.68	295,743,497.26
Technical services	606,776,722.23	278,975,704.75					606,776,722.23	278,975,704.75
System integration	158,254,709.95	138,105,502.57					158,254,709.95	138,105,502.57
Others	167,774,370.40	143,984,669.03					167,774,370.40	143,984,669.03
By operating region								
Of which:								
Eastern China	817,096,954.56	387,078,098.10					817,096,954.56	387,078,098.10
Southern China	234,845,510.24	141,294,225.36					234,845,510.24	141,294,225.36
Northern China	141,164,780.25	84,494,127.17					141,164,780.25	84,494,127.17
Central China	138,831,421.07	82,531,641.92					138,831,421.07	82,531,641.92
Northwest Region	130,038,395.15	71,874,680.03					130,038,395.15	71,874,680.03
Other regions	153,896,108.99	89,536,601.03					153,896,108.99	89,536,601.03
Market or customer type								
Of which:								

Category of contract	Segment 1		Segment 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Contract type								
Of which:								
Classified by the time of transfer of goods								
Of which:								
Classified by contract duration								
Of which:								
Classified by sales channel								
Of which:								
Total								

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration services and intelligent network cabling engineering integration services. Computer information equipment system integration services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue amount corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed at the end of the reporting period was RMB1,596,820,562.09. Information regarding variable consideration in contracts:

Significant contract modifications or significant adjustments to the transaction price

Unit: RMB

Item	Accounting treatment method	Amount of impact on revenue

Other information:

62. Taxes and surcharges

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Urban maintenance and construction tax	5,194,272.29	5,563,296.40
Education surcharge	2,232,219.51	2,448,400.74
Property tax	2,299,644.26	2,330,830.11
Land use tax	254,514.20	71,572.38
Vehicle and vessel usage tax	52,226.67	59,605.00
Stamp duty	610,694.59	678,508.24
Others	1,488,146.36	1,671,754.40
Total	12,131,717.88	12,823,967.27

Other information:

63. Administrative expenses

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Employee benefits	126,325,734.96	114,111,228.07
Office expenses	21,118,061.22	20,710,841.59
Travel expenses	14,056,059.42	9,319,849.14
Entertainment expenses	6,465,839.99	4,693,258.07
Depreciation	14,605,729.10	16,009,275.43
Amortization	11,299,493.31	11,455,528.83
Service fee	10,416,374.48	10,577,200.75
Others	3,315,962.10	2,174,800.24
Total	207,603,254.58	189,051,982.12

Other information:

64. Selling expenses

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Employee benefits	64,070,799.63	58,754,215.75
Business entertainment expenses	15,378,330.06	14,672,707.50
Transportation and travel expenses	10,613,882.45	8,212,758.16
Consultancy fees	21,856,367.75	19,751,736.86
Office expenses	6,762,899.27	6,863,084.71
Advertising and business promotion expenses	2,715,586.09	1,961,023.03
Depreciation	1,808,989.82	1,421,770.66
Others	6,110,851.45	5,060,845.39
Total	129,317,706.52	116,698,142.06

Other information:

65. Research and development expenses

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Employee benefits	146,252,608.86	154,167,354.44
Depreciation and amortization	85,740,598.54	50,511,130.12
Others	15,477,878.09	13,151,852.37
Total	247,471,085.49	217,830,336.93

Other information:

66. Finance costs

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Interest expenses	1,153,959.67	3,196,876.71
Less: Interest income	12,471,518.32	23,082,035.46
Others	564,002.88	97,846.65
Total	-10,753,555.77	-19,787,312.10

Other information:

67. Other income

Unit: RMB

Sources of other income	Amount incurred for the current period	Amount incurred for the previous period
Government grants relating to assets	55,916.36	55,916.36
Government grants relating to income	35,722,784.37	36,603,288.00
Of which: VAT refund upon collection	29,514,691.78	34,111,914.19
Refund of service fees of withholding individual income tax	389,466.12	40,146.56
Additional deduction for input VAT	344,778.86	716,224.32

68. Gains from net exposure hedging

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period

Other information:

69. Gains from changes in fair value

Unit: RMB

Source of gains from changes in fair value	Amount incurred for the current period	Amount incurred for the previous period
Financial assets held for trading	-12,873,066.50	132,592.71
Total	-12,873,066.50	132,592.71

Other information:

70. Investment income

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Income from long-term equity investments accounted for using the equity method	4,704,876.50	-4,534,885.17
Investment income from disposal of long-term equity investments		-14,303,039.53
Investment income from disposal of financial assets held for trading	509,206.68	1,310,970.82
Gains or losses arising from re-measurement at fair value of equity interests held prior to the acquisition date	5,374,480.47	
Loss on discounting financing receivables	-833,680.57	-993,416.67
Dividend income from other non-current financial assets during the holding period	4,311,951.33	3,096,845.78
Total	14,066,834.41	-15,423,524.77

Other information:

71. Credit impairment losses

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Bad debt losses on notes receivable	-291,910.95	-5,000.00
Bad debt losses on accounts receivable	-125,512,459.40	-114,449,437.57
Bad debt losses on other receivables	-3,118,372.39	-5,731,349.26
Total	-128,922,742.74	-120,185,786.83

Other information:

72. Impairment losses on assets

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
I. Loss on inventory write-down and impairment loss on costs to fulfill a contract	-5,413,417.31	-2,341,818.53
X. Impairment losses on goodwill	-31,937,770.88	-86,726,331.29
XI. Impairment losses on contract assets	-2,564,470.83	-2,714,322.85
Total	-39,915,659.02	-91,782,472.67

Other information:

73. Gains from disposal of assets

Unit: RMB

Source of gains from disposal of assets	Amount incurred for the current period	Amount incurred for the previous period
Gains from disposal of fixed assets	1,534,648.04	5,104,980.82
Gains from disposal of right-of-use assets	28,697.91	58,392.17

74. Non-operating revenue

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Failed payment	473,562.98	3,583,013.19	473,562.98
The amount by which the cost of the investment in the subsidiary is less than the share of the fair value of the identifiable net assets acquired	2,777,462.34		2,777,462.34
Others	2.70	16,414.88	2.70
Total	3,251,028.02	3,599,428.07	3,251,028.02

Other information:

75. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring gains and losses in the current period
Donations to external parties	1,456,968.53	825,000.00	1,456,968.53
Losses on damage and scrapping of non-current assets	137,222.27	70,947.16	137,222.27
Others	13,838.98	169,543.82	13,838.98
Total	1,608,029.78	1,065,490.98	1,608,029.78

Other information:

76. Income tax expenses

(A) Table of income tax expenses

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Current period income tax expenses	16,306,720.79	24,914,529.56
Deferred income tax expenses	-16,625,552.41	-10,714,184.98
Total	-318,831.62	14,200,344.58

(B) Reconciliation of income tax expenses to the accounting profit

Unit: RMB

Item	Amount incurred for the current period
Total profit	45,368,244.00
Income tax expense calculated based on statutory/applicable tax rate	4,536,824.40
Impact of different tax rates applicable to subsidiaries	4,217,934.60
Impact of adjustments to income tax of prior periods	-1,067,591.81
Impact of non-taxable income	-539,156.02
Effect of non-deductible costs, expense and loss	-12,617,542.05
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	5,150,699.26
Income tax expenses	-318,831.62

Other information:

77. Other comprehensive income

See Note 57 for further details.

78. Items in the cash flow statement

(A) Cash in relation to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Government grants	6,208,092.59	4,951,373.81
Deposits and security money		1,491,961.98
Recovery of security money not meeting the definition of cash and cash equivalents	431,343.00	5,541,383.93
Interest income	12,471,518.32	23,082,035.46
Rental income	2,859,365.57	3,108,000.13
Others	1,989,845.61	5,098,788.94
Total	23,960,165.09	43,273,544.25

Description of other cash receipts relating to operating activities:

Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Payment of security money not meeting the definition of cash and cash equivalents	6,960,142.36	431,343.00
Cash operating expenses	191,131,081.25	151,891,835.21
Deposits and security money	5,396,303.79	
Others	893,789.41	1,446,943.82
Total	204,381,316.81	153,770,122.03

Description of other cash payments relating to operating activities:

(B) Cash in relation to investing activities

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Redemption of short-term bank wealth management products	103,100,000.00	187,000,000.00
Recovery of borrowed funds	500,000.00	300,000.00
Total	103,600,000.00	187,300,000.00

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Net cash received from disposal of subsidiary – Zhejiang Baili Pharmaceutical Co., Ltd.		830,992.40
Total		830,992.40

Other cash receipts relating to investing activities:

Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Purchase of short-term bank wealth management products	117,100,000.00	187,000,000.00
Total	117,100,000.00	187,000,000.00

Significant cash payments relating to investing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Net cash paid for the acquisition of subsidiaries		
Of which: Lanzhou Yuanteng	37,296,272.79	
Wenzhou Health	2,362,960.17	
Zhanhua Technology	1,880,053.98	
Zhejiang Yishan	-7,008,535.44	
Total	34,530,751.50	

Description of other cash payments relating to investing activities:

(C) Cash in relation to financing activities

Other cash receipts relating to financing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Recovery of borrowed funds		4,371,700.00
Total		4,371,700.00

Description of other cash receipts relating to financing activities:

Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period
Repurchase of restricted shares	858,102.00	1,605,774.25
Repayment of loans borrowed and interest	4,839,450.00	1,201,292.54
Payment for acquisition of minority shareholders' equity	5,000,000.00	24,210,000.00
Share buyback	31,000,786.19	
Payment for long-term lease	5,885,059.78	9,588,556.65
Total	47,583,397.97	36,605,623.44

Description of other cash payments relating to financing activities:

Changes in liabilities arising from financing activities

☑Applicable ☐Not applicable

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term borrowings	99,907,916.67	77,300,000.00	697,243.47	170,597,758.75		7,307,401.39
Dividends payable			15,468,480.24	15,468,480.24		
Lease liabilities (including lease liabilities due within one year)	7,076,508.66		11,359,497.77	5,885,059.78		12,550,946.65
Other payables	9,839,450.00			9,839,450.00		
Total	116,823,875.33	77,300,000.00	27,525,221.48	201,790,748.77		19,858,348.04

(D) Presentation of cash flows on a netting basis

Item	Relevant facts	Basis for presentation on a netting basis	Financial impact

(E) Significant events and financial impacts that do not involve cash receipts or payments in the current period but affect the entity's financial position or may affect its cash flows in the future

79. Supplementary information to the cash flow statement

(A) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	45,687,075.62	41,235,958.24
Add: Impairment allowance of assets	168,838,401.76	211,968,259.50
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of bearer biological assets	17,908,274.09	17,468,724.57
Depreciation of right-of-use assets	5,633,395.43	8,081,663.02
Amortization of intangible assets	93,046,884.16	58,141,577.31
Amortization of long-term prepaid expenses	11,404,520.95	11,468,843.38
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by a '-' sign)	-1,563,345.95	-5,163,372.99
Loss on the retirement of fixed assets (gain is indicated by a "-" sign)	137,222.27	70,947.16
Loss on changes in fair value (gain is indicated by a "-" sign)	12,873,066.50	-132,592.71
Finance costs (gain is indicated by a "-" sign)	1,153,959.67	3,196,876.71
Investment losses (gain is indicated by a "-" sign)	-14,900,514.98	14,430,108.10
Decrease in deferred tax assets (increase is indicated by a "-" sign)	-15,973,589.79	-11,255,830.44
Increase in deferred tax liabilities (decrease is indicated by a '-' sign)	-651,962.62	541,645.46
Decrease in inventories (increase is indicated by a "-" sign)	-6,326,401.41	-25,254,383.19
Decrease in operating receivables (increase is indicated by a "-" sign)	-252,700,487.22	-225,442,331.06
Increase in operating payables (decrease is indicated by a "-" sign)	70,327,414.45	43,028,057.49
Others	22,947,735.87	2,489,810.15
Net cash flow from operating activities	157,841,648.80	144,873,960.70
2. Significant investing and financing activities not involving cash receipts or payments		
Conversion of debt to equity		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net movement in cash and cash equivalents:		
Closing balance of cash	1,087,426,498.37	1,477,596,364.71
Less: Opening balance of cash	1,477,596,364.71	1,613,613,335.43
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-390,169,866.34	-136,016,970.72

(B) Net cash paid for the acquisition of subsidiaries during the period

Unit: RMB

	Amount
Cash or cash equivalents paid during the period for business merger occurring during the period	57,804,500.00
Of which:	
Lanzhou Yuanteng	40,800,000.00
Wenzhou Health	3,804,500.00
Zhanhua Technology	5,950,000.00
Zhejiang Yishan	7,250,000.00
Less: Cash and cash equivalents held by the subsidiary as at the date of acquisition	23,273,748.50
Of which:	
Lanzhou Yuanteng	3,503,727.21
Wenzhou Health	1,441,539.83
Zhanhua Technology	4,069,946.02
Zhejiang Yishan	14,258,535.44
Of which:	
Net cash paid for the acquisition of subsidiaries	34,530,751.50

Other information:

(C) Net cash received from the disposal of subsidiaries during the period

Unit: RMB

	Amount
Of which:	
Of which:	
Of which:	

Other information:

(D) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,087,426,498.37	1,477,596,364.71
Of which: Cash on hand	50,439.12	72,195.42
Bank deposits available for immediate payment	447,023,492.96	957,524,169.29
Other cash at bank and on hand available for immediate payment	640,352,566.29	520,000,000.00
III. Balance of cash and cash equivalents at the end of the period	1,087,426,498.37	1,477,596,364.71

(E) Item classified as cash and cash equivalents despite restrictions on their use

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for classification as cash and cash equivalents
Bank deposits	245,209.16	390,083,794.15	These are raised funds. The Company may use the raised funds at any time to pay for investment projects and therefore meets the criteria for cash and cash equivalents
Total	245,209.16	390,083,794.15	

(F) Cash at bank and on hand not classified as cash and cash equivalents

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for exclusion from cash and cash equivalents
Margin for bills	3,740,438.41	202,351.25	Restricted use
Letter of guarantee deposit	136,991.75	196,991.75	Restricted use
Other security deposits	30,000.00	32,000.00	Restricted use
Other restricted funds	3,052,712.20		Restricted use
Total	6,960,142.36	431,343.00	

Other information:

(G) Description of other significant activities

Amount of transfer of commercial bill endorsements not involving cash receipts or payments

Item	Amount for the current period	Amount for the same period in the last year
Amount of commercial bills endorsed and transferred	47,902,552.89	
Of which: payment for goods	47,902,552.89	

80. Notes to items in the statement of changes in equity

Description of the "Other" items and adjustment amounts used to adjust the balance at the end of the previous year:

81. Foreign currency monetary items

(A) Foreign currency monetary items

Unit: RMB

Item	Balance in foreign currency at the end of period	Conversion rate	Balance translated to RMB at the end of period
Cash at bank and on hand			
Of which: USD			
Euro			
HKD			
Accounts receivable			
Of which: USD			
Euro			
HKD			
Long-term borrowing			
Of which: USD			
Euro			
HKD			

Other information:

(B) Description of overseas operating entities, including, for significant overseas operating entities, disclosure of their principal place of business overseas, functional currency and the basis for the selection; where there has been a change in the functional currency, the reasons for such change shall also be disclosed.

☐Applicable ☑Not applicable

82. Leases

(A) The Company as lessee

☑Applicable ☐Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐Applicable ☑Not applicable

Lease expenses for short-term leases or leases of low-value assets subject to simplified accounting

☑Applicable ☐Not applicable

The amounts of short-term lease expenses and lease expenses for low-value assets included in profit or loss for the period are as follows:

Item	Amount in the current period	Amount for the same period in the last year
Short-term lease expenses	7,495,520.92	4,230,567.17
Total	7,495,520.92	4,230,567.17

Circumstances involving sale and leaseback transactions

(B) The Company as lessor

Operating leases where the Company is the lessor

☑Applicable ☐Not applicable

Unit: RMB

Item	Rental income	Of which: income relating to variable lease payments not included in lease receipts
Leased buildings and structures	2,882,867.03	
Total	2,882,867.03	

Finance leases as lessor

☐Applicable ☑Not applicable

Undiscounted lease receipts for each of the next five years

☑Applicable ☐Not applicable

Unit: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
1st year	880,291.50	1,541,602.00
2nd year	660,792.00	677,716.50
3rd year	424,947.60	444,712.00
4th year		424,947.60

Reconciliation of undiscounted lease receipts to net investment in the lease

(C) Recognition of gains or losses on finance lease sales as a manufacturer or dealer

☐Applicable ☑Not applicable

83. Others

VIII. RESEARCH AND DEVELOPMENT EXPENDITURE

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	303,738,644.36	293,275,620.73
Depreciation and amortization	85,740,598.54	50,511,130.12
Others	15,477,878.09	13,151,852.37
Total	404,957,120.99	356,938,603.22
Of which: Expended R&D expenditure	247,471,085.49	217,830,336.93
Capitalized R&D expenditure	157,486,035.50	139,108,266.29

1. R&D projects meeting the criteria for capitalization

Unit: RMB

Item	Opening balance	Amount of increase for the period			Amount of decrease for the period			Closing balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to profit or loss for the period		
Software systems	21,683,895.44	157,486,035.50			161,945,031.79			17,224,899.15
Total	21,683,895.44	157,486,035.50			161,945,031.79			17,224,899.15

Significant capitalized R&D projects

Project	R&D progress	Expected completion date	Manner in which economic benefits are expected to be generated	Date of commencement of capitalization	Specific basis for commencing capitalization
Huikang Cloud Operating System BIOS Development Project	Accepted	31 December 2023	Product sales commenced	4 January 2022	Project approval report

Impairment allowance of development expenditure

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Impairment test results

2. Significant externally acquired projects under development

Project name	Manner in which economic benefits are expected to be generated	Criteria and specific basis for determining capitalization or expensing

Other information:

The Company has no externally acquired projects under development.

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business merger of entities which are not under common control

(A) Business merger of entities which are not under common control occurring during the current period

Unit: RMB

Name of the acquiree	Date of acquisition of equity interest	Cost of acquisition of equity interest	Percentage of equity acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
Lanzhou Yuanteng	29 May 2023	51,000,000.00	51.00%	Business merger of entities which are not under common control	29 May 2023	Acquisition of effective control	39,469,006.08	12,887,552.79	3,025,350.31
Wenzhou Health	3 July 2023	7,459,803.92	100.00%	Business merger of entities which are not under common control	3 July 2023	Acquisition of effective control		-218,400.78	-961,966.80
Zhanhua Technology	20 October 2023	5,950,000.00	100.00%	Business merger of entities which are not under common control	20 October 2023	Acquisition of effective control	3,109,123.56	181,689.40	14,489,348.98
Zhejiang Yishan	22 December 2023	21,648,014.07	72.17%	Business merger of entities which are not under common control	22 December 2023	Acquisition of effective control	0.00	0.00	0.00

Other information:

(B) Cost of merger and goodwill

Unit: RMB

Cost of merger	Lanzhou Yuanteng	Wenzhou Health	Zhanhua Technology	Zhejiang Yishan
– Cash	51,000,000.00	7,459,803.92	5,950,000.00	21,648,014.07
– Fair value of non-cash assets				
– Fair value of debt issued or assumed				
– Fair value of equity securities issued				
– Fair value of contingent consideration				
– Fair value of equity interests which were held prior to the acquisition date as at the acquisition date				
– Others				
Total cost of merger	51,000,000.00	7,459,803.92	5,950,000.00	21,648,014.07
Less: Share of fair value of identifiable net assets acquired	33,781,713.75	7,459,803.92	8,727,462.34	21,648,014.07
Amount by which the cost of goodwill/ merger is less than the share of the fair value of identifiable net assets acquired	17,218,286.25		-2,777,462.34	

Methodology for determining the fair value of the cost of merger:

The fair values of the identifiable assets and liabilities of Lanzhou Yuanteng, Wenzhou Health and Zhejiang Yishan as at the acquisition date were determined on the basis of valuation reports and through negotiation with the transaction counterparties. There were no material differences between the fair values and carrying amounts of the identifiable assets and liabilities of Zhanhua Technology as at the acquisition date; therefore, the fair values as at the acquisition date were recognized at their carrying amounts.

Description of contingent consideration and its changes

Main reasons for the formation of significant goodwill:

Other information:

(C) Identifiable assets and liabilities of the acquiree as at the acquisition date

Unit: RMB

	Lanzhou Yuanteng		Wenzhou Health		Zhanhua Technology		Zhejiang Yishan	
	Fair value at the acquisition date	Carrying amount at acquisition date	Fair value at acquisition date	Carrying amount at acquisition date	Fair value at the acquisition date	Carrying amount at acquisition date	Fair value at the acquisition date	Carrying amount at acquisition date
Assets:								
Cash at bank and on hand	3,503,727.21	3,503,727.21	1,441,539.83	1,441,539.83	4,069,946.02	4,069,946.02	14,258,535.44	14,258,535.44
Receivables	48,418,669.24	48,418,669.24	88,806.00	88,806.00	11,484,523.94	11,484,523.94	3,557,096.84	3,557,096.84
Inventory	5,884,500.59	5,884,500.59	0.00	0.00	14,066,159.80	14,066,159.80	0.00	0.00
Fixed assets								
Intangible assets								
Financial assets held for trading	6,000,000.00	6,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepayments	317,193.23	317,193.23	0.00	0.00	898,458.39	898,458.39	79,564.98	79,564.98
Other receivables	1,240,562.18	1,240,562.18	1,282.50	1,282.50	254,496.37	254,496.37	1,314,303.14	1,314,303.14
Contract assets	2,576,242.60	2,576,242.60	0.00	0.00	483,149.68	483,149.68	0.00	0.00
Other current assets	291,563.31	291,563.31	147,567.89	147,567.89	411,707.24	411,707.24	148,848.97	148,848.97
Non-current assets	9,105,514.59	4,844,431.66	6,574,258.96	237,431.81	1,953,615.04	1,953,615.04	17,437,307.36	5,964,486.33
Liabilities:								
Borrowings								
Payables								
Deferred tax liabilities								
Current liabilities	11,099,318.53	11,099,318.53	793,651.26	793,651.26	24,152,731.73	24,152,731.73	6,799,794.09	6,799,794.09
Non-current liabilities	0.00	0.00	0.00	0.00	741,862.41	741,862.41	0.00	0.00
Net assets	66,238,654.42	61,977,571.49	7,459,803.92	1,122,976.77	8,727,462.34	8,727,462.34	29,995,862.64	18,523,041.61
Less: Minority interests	32,456,940.67	30,369,010.03	0.00	0.00	0.00	0.00	8,347,848.57	5,154,962.48
Net assets acquired	33,781,713.75	31,608,561.46	7,459,803.92	1,122,976.77	8,727,462.34	8,727,462.34	21,648,014.07	13,368,079.13

Methodology for determining the fair value of identifiable assets and liabilities:

The fair values of the identifiable assets and liabilities of Lanzhou Yuanteng, Wenzhou Health and Zhejiang Yishan as at the acquisition date were determined on the basis of valuation reports and through negotiation with the transaction counterparties. There were no material differences between the fair values and carrying amounts of the identifiable assets and liabilities of Zhanhua Technology as at the acquisition date; therefore, the fair values as at the acquisition date were recognized at their carrying amounts.

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

(D) Gains or losses arising from re-measurement of equity interests which were held prior to the acquisition date at fair value

Are there any transactions involving the acquisition of control during the reporting period through a series of transactions constituting a step-by-step business merger?

☑Yes ☐No

Unit: RMB

Name of the acquiree	Date of acquisition of the equity interest held prior to the acquisition date	Percentage of equity interest held prior to the acquisition date	Acquisition cost of the equity interest held prior to the acquisition date	Method of acquisition of the equity interest held prior to the acquisition date	Carrying amount of the previously held equity interest as at the acquisition date	Fair value of the previously held equity interest as at the acquisition date	Gains or losses arising from the re-measurement of previously held equity interest at fair value	Method used to determine the fair value of the previously held equity interest as at the acquisition date and the key assumptions	Amount of other comprehensive income relating to the previously held equity interests which were transferred to investment income or retained earnings prior to the acquisition date
Wenzhou Health	14 January 2021	49.00%	2,940,000.00	Established	1,423,602.67	3,655,303.92	2,231,701.25	Determined based on the valuation	
Zhejiang Yishan	18 March 2021	49.00%	12,000,000.00	Established	11,255,234.85	14,398,014.07	3,142,779.22	Determined based on the valuation	

Other information:

(E) Description regarding the inability to reasonably determine the fair value of the consideration for the merger or the fair value of the acquiree's identifiable assets and liabilities as at the acquisition date or the end of the period of merger

(F) Other information

2. Business merger of entities which are under common control

(A) Business merger of entities which are under common control occurring during the current period

Unit: RMB

Name of the acquiree	Percentage of equity interest acquired in the business merger	Basis for constituting business merger of entities under common control	Date of merger	Basis for determining the date of merger	Revenue of the acquiree from the beginning of the current period to the date of merger	Net profit of the acquiree from the beginning of the current period to the date of merger	Revenue of the acquiree for the comparative period	Net profit of the acquiree for the comparative period

Other information:

(B) Cost of merger

Unit: RMB

Cost of merger	
– Cash	
– Carrying amount of non-cash assets	
– Carrying amount of debt issued or assumed	
– Nominal value of equity securities issued	
– Contingent consideration	

Description of contingent consideration and its changes:

Other information:

(C) Carrying amount of the acquiree's assets and liabilities at the date of merger

Unit: RMB

	On the date of merger	**End of previous period**
Assets:		
Cash at bank and on hand		
Receivables		
Inventories		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Payables		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

3 Reverse acquisition

Basic transaction information; basis for classifying the transaction as a reverse acquisition; whether the assets and liabilities retained by the listed company constitute a business and the basis therefor; determination of the cost of the merger; amounts of equity adjustments and their calculation when treated as an equity transaction:

4. Disposal of subsidiaries

Whether there were any transactions or events during the period that resulted in the loss of control over a subsidiary

☐Yes ☑No

Has control over a subsidiary been lost during the current period as a result of the disposal of the investment in stages through multiple transactions?

☐Yes ☑No

5. Changes in the scope of consolidation due to other reasons

Please describe changes in the scope of consolidation arising from other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the relevant circumstances:

i. Additions to the scope of consolidation

Company name	Method of acquisition of equity	Date of acquisition of equity	Capital contribution (RMB'0000)	Contribution proportion
Guangzhou Yunwan	Establishment	November 2023	1,000.00	100.00%

ii. Reduction in scope of consolidation

Company name	Method of disposal of equity	Date of disposal of equity	Net assets on disposal date	Net profit from the beginning of the period to the disposal date
Lantian Computer	Deregistration	August 2023	417,453.71	-35,871.02
Huixin Health	Deregistration	August 2023		

6. Others

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(A) Composition of the enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Lianqi Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	System integration	100.00%		Business merger of entities not under common control
Suzhou Chuangye Yikang Information Technology Co., Ltd.	6,000,000.00	Suzhou	Suzhou	Software development	100.00%		Establishment
Nanjing Chuangye Software Co., Ltd.	30,000,000.00	Nanjing	Nanjing	Software development	100.00%		Establishment
Shanghai Chuanghang Software Co., Ltd.	36,000,000.00	Shanghai	Shanghai	Software development	100.00%		Establishment
Xinjiang Chuangshi Information Technology Co., Ltd.	5,000,000.00	Xinjiang City	Xinjiang City	Software development	85.00%		Establishment
Beijing Tongkang Medical Information Technology Co., Ltd.	10,000,000.00	Beijing	Beijing	Technology development	100.00%		Business merger of entities not under common control
Chongqing Chuangyikang Software Co., Ltd.	16,000,000.00	Chongqing	Chongqing	Software development	100.00%		Establishment
Tianjin Chuangjin Technology Co., Ltd.	10,000,000.00	Tianjin	Tianjin	Software development	100.00%		Establishment
Hangzhou Weiqin Technology Co., Ltd.	2,040,900.00	Hangzhou	Hangzhou	Software development	51.00%		Business merger of entities not under common control
Guangdong Zhongtuo Information Technology Co., Ltd.	15,000,000.00	Zhongshan	Zhongshan	Software development	100.00%		Business merger of entities not under common control
Zhongshan Hangchuang Technology Co., Ltd.	20,000,000.00	Zhongshan	Zhongshan	Software development	100.00%		Establishment
Hangzhou Huikang IoT Technology Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Technical services	100.00%		Business merger of entities not under common control
Hangzhou Zhuoteng Information Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Business merger of entities not under common control

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Hemei Property Management Co., Ltd.	1,000,000.00	Hangzhou	Hangzhou	Property management	100.00%		Establishment
Hangzhou Minotech Technology Co., Ltd.	11,363,600.00	Hangzhou	Hangzhou	Software development	100.00%		Business merger of entities not under common control
Zhejiang Yikang Data Technology Research Institute Co., Ltd.	10,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Establishment
Guangzhou Yuewan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Software development	100.00%		Establishment
Zigong Hangchuang Technology Co., Ltd.	10,000,000.00	Zigong	Zigong	Software development	100.00%		Establishment
Hainan Huiyi Internet Medical Technology Co., Ltd.	10,000,000.00	Chengmai County	Chengmai County	Technology development	100.00%		Establishment
Hangzhou Huikang Hulian Technology Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Establishment
Wenzhou Urban Smart Health Co., Ltd.	20,000,000.00	Wenzhou	Wenzhou	Technical services	100.00%		Business merger of entities not under common control
Tianjin Qingchuang Huikang Technology Co., Ltd.	10,000,000.00	Tianjin	Tianjin	Technical Services	100.00%		Establishment
Lanzhou Yuanteng Software Technology Co., Ltd.	3,530,000.00	Lanzhou	Lanzhou	Software development	51.00%		Business merger of entities not under common control
Tianjin Zhanhua Technology Development Co., Ltd.	5,950,000.00	Tianjin	Tianjin	Software development	100.00%		Business merger of entities not under common control
Guangzhou Yunwan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Technical Services	100.00%		Establishment
Zhejiang Yishan Smart Healthcare Research Co., Ltd.	25,000,000.00	Hangzhou	Hangzhou	Software development	48.00%	24.17%	Business merger of entities not under common control
Ninghai Hangchuang Network Technology Co., Ltd.	10,000,000.00	Ningbo	Ningbo	Software development	100.00%		Establishment

Unit: RMB

Description of the discrepancy between the shareholding ratio and the voting rights ratio in subsidiaries:

Basis for controlling an investee when holding 50% or less of the voting rights, and for not controlling an investee when holding more than 50% of the voting rights:

Basis for control of significant structured entities included in the scope of consolidation:

Basis for determining whether the Company is an agent or a principal:

Other information:

(B) Significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Minority shareholding ratio	Profit or loss attributable to minority shareholders for the period	Dividends declared to minority shareholders for the period	Closing balance of minority interest
Lanzhou Yuanteng Software Technology Co., Ltd.	49.00%	6,314,900.87		36,683,910.90

Description of the discrepancy between the shareholding ratio and the voting rights ratio of minority shareholders in subsidiaries:

Other information:

(C) Key financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Lanzhou Yuanteng	93,906,185.31	4,851,904.86	98,758,090.17	23,892,965.89		23,892,965.89						

Unit: RMB

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Lanzhou Yuanteng	39,469,006.08	12,887,552.79	12,887,552.79	17,212,603.60				

Other information:

(D) Significant restrictions on the utilization of enterprise group assets and the settlement of enterprise group liabilities

(E) Financial or other support provided to structured entities included in the scope of the consolidated financial statements

Other information:

2. Transactions in which there is a change in the share of equity in a subsidiary but control over the subsidiary is retained

(A) Description of circumstances where there is a change in the share of equity in a subsidiary

(B) Impact of the transaction on minority interests and owners' equity attributable to the parent company

Unit: RMB

Cost of acquisition/consideration of disposal	
– Cash	
– Fair value of non-cash assets	
Total cost of acquisition/consideration of disposal	
Less: Share of the subsidiary's net assets calculated based on the proportion of equity acquired/disposed of	
Difference	
Of which: Adjustment to capital reserve	
Adjustment to surplus reserve	
Adjustment to undistributed profit	

Other information:

3. Interests in joint arrangement or associates

(A) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	

Description of instances where the shareholding percentage in a joint venture or associate differs from the proportion of voting rights:

Basis for holding less than 20% of the voting rights but exercising significant influence, or holding 20% or more of the voting rights but not exercising significant influence:

(B) Key financial information of significant joint ventures

Unit: RMB

	Closing balance/amount incurred in the current period	**Opening balance/amount incurred in the previous period**
Current assets		
Of which: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
– Goodwill		
– Unrealized profits on intragroup transactions		
– Others		
Carrying amount of equity investments in joint ventures		
Fair value of equity investments in joint ventures for which a quoted market price is available		
Operating revenue		
Finance costs		
Income tax expenses		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures during the year		

Other information:

(C) Key financial information of significant associates

Unit: RMB

	Closing balance/amount incurred in the current period	**Opening balance/amount incurred in the previous period**
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
– Goodwill		
– Unrealized profits on intragroup transactions		
– Others		
Carrying amount of equity investment in associates		
Fair value of equity investments in associates for which a quoted market price is available		
Operating revenue		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates during the year		

Other information:

(D) Summary financial information of immaterial joint ventures and associates

Unit: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in the previous period
Joint ventures:		
The following are total amounts calculated according to the shareholding percentage		
Associates:		
Total carrying amount of investment	168,980,662.83	209,321,503.09
The following are total amounts calculated according to the shareholding percentage		
– Net profit	4,987,054.72	-5,734,551.00
– Other comprehensive income	-5,004,475.87	5,074,657.07
– Total comprehensive income	-17,421.15	-659,893.93

Other information:

(E) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

(F) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint venture or associate	Cumulative unrecognized losses from prior periods	Unrecognized losses for the current period (or share of net profit for the current period)	Cumulative unrecognized losses at the end of the period
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.		477,961.75	477,961.75

Other information:

(G) Unrecognized commitments relating to investments in joint ventures

(H) Contingent liabilities relating to investments in joint ventures or associates

4. Significant joint operations

Name of joint operation	Principal place of business	Place of incorporation	Nature of business	Shareholding ratio/share entitlement	
				Direct	Indirect

Description of any discrepancy between the shareholding ratio or share entitlement in a joint venture and the voting rights ratio:

When separate entities are engaged in joint operation, the basis for classifying it as joint operation:

Other information:

5. Interests in structured entities not included in the scope of the consolidated financial statements

Description regarding structured entities not included in the scope of the consolidated financial statements:

6. Others

XI. GOVERNMENT GRANTS

1. Government grants recognized by the amount of receivables at the end of the reporting period

☐Applicable ☑Not applicable

Reasons for failing to receive the expected amount of government grants by the anticipated date

☐Applicable ☑Not applicable

2. Liability items relating to government grants

☑Applicable ☐Not applicable

Unit: RMB

Accounting item	Opening balance	New grants amount for the period	Amount included in non-operating income for the period	Amount transferred to other income for the period	Other movements during the period	Closing balance	Relating to assets/income
Deferred income	4,904,501.84			55,916.36		4,848,585.48	Related to assets

3. Government grants included in profit or loss

☑Applicable ☐Not applicable

Unit: RMB

Accounting heading	Amount incurred in the current period	Amount incurred in the previous period
Other income	35,778,700.73	36,659,204.36

Other information

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Various risks arising from financial instruments

The Company's objective in risk management is to strike a balance between risk and return, minimise the adverse impact of risk on the Company's operating performance, and maximise the interests of shareholders and other equity investors. Based on this risk management objective, the Company's fundamental risk management strategy is to identify and analyse the various risks faced by the Company, establish appropriate risk tolerance thresholds and implement risk management measures, and monitor various risks in a timely and reliable manner to keep them within defined limits.

In the course of its day-to-day activities, the Company faces various risks associated with financial instruments, primarily including credit risk, liquidity risk and market risk. Management has reviewed and approved policies for managing these risks, which are summarised below.

(A) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to meet its obligations, resulting in a financial loss to the other party.

a. Credit risk management practice

(i) Methods for assessing credit risk

At each balance sheet date, the Company assesses whether the credit risk associated with a financial instrument has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company considers information that is reasonable and supportable and that is available without undue additional cost or effort, including qualitative and quantitative analyses based on historical data, external credit ratings and forward-looking information. The Company assesses changes in the risk of default over the expected life of a financial instrument on an individual basis or for a portfolio of financial instruments with similar credit risk characteristics, by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition.

The Company considers that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative or qualitative criteria are met:

i.i) Quantitative criteria primarily involve the probability of default over the remaining life as at the balance sheet date increasing by more than a specified percentage compared to the date of initial recognition;

i.ii) Qualitative criteria primarily include significant adverse changes in the debtor's operating or financial circumstances, or existing or anticipated changes in the technological, market, economic or legal environment that are likely to have a material adverse effect on the debtor's ability to repay the Company.

(ii) Definition of default and credit impaired assets

The Company classifies a financial asset as being in default when it meets one or more of the following criteria, which are consistent with the definition of credit impairment:

ii.i) The debtor is experiencing significant financial difficulties;

ii.ii) The debtor has breached the contractual provisions binding upon the debtor;

ii.iii) The debtor is likely to enter into bankruptcy or undergo other financial restructuring;

ii.iv) The creditor grants the debtor concessions that would not otherwise be granted, based on economic or contractual considerations related to the debtor's financial difficulties.

b. Measurement of expected credit losses

Key parameters for the measurement of expected credit losses include probability of default, loss given default and exposure at default. The Company establishes models for probability of default, loss given default and exposure at default by considering quantitative analyses of historical statistical data (such as counterparty ratings, types of guarantees and collateral, and repayment methods) and forward-looking information.

c. For details of the reconciliation of the opening and closing balances of the provision for losses on financial instruments, please refer to the notes to these financial statements regarding accounts receivable, notes receivable, financing receivables, other receivables, contract assets and bond investments.

d. Credit risk exposure and credit risk concentration

The Company's credit risk primarily arises from cash at bank and on hand, receivables and contract assets. To manage these risks, the Company has implemented the following measures.

(i) Cash at bank and on hand

The Company holds bank deposits and other cash at bank and on hand with financial institutions with high credit ratings; therefore, the credit risk is low.

(ii) Receivables and contract assets

The Company continuously conducts credit assessments on customers with whom it conducts credit-based transactions. Based on the results of these credit assessments, the Company selects recognized customers with good credit standing for transactions and monitors their outstanding receivables to ensure that the Company does not face significant bad debt risk.

As the Company's accounts receivable risk is spread across multiple partners and customers, as at 31 December 2023, 10.85% (31 December 2022: 14.67%) of the Company's accounts receivable and contract assets were attributable to the top five customers by balance; the Company is not exposed to significant credit concentration risk.

The Company's maximum credit risk exposure is the carrying amount of each financial asset on the balance sheet.

(B) Liquidity risk

Liquidity risk refers to the risk that the Company will experience a shortage of funds when fulfilling obligations settled by the delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value in a timely manner; or from the counterparty's inability to repay its contractual obligations; or from debts maturing earlier than expected; or from the inability to generate expected cash flows.

To manage this risk, the Company employs a comprehensive range of financing methods, including bill settlement and bank borrowings, and adopts a strategy of optimising the financing structure by appropriately combining long-term and short-term financing methods to maintain a balance between financing continuity and flexibility. The Company has obtained banking credit facilities from a number of commercial banks to meet working capital requirements and capital expenditure.

Classification of financial liabilities by remaining maturity

Item	Amount at the end of the period				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank borrowings	7,307,401.39	7,390,296.92	7,390,296.92		
Financial liabilities held for trading	10,200,000.00	10,200,000.00	10,200,000.00		
Notes payable	34,577,181.10	34,577,181.10	34,577,181.10		
Accounts payable	641,693,514.13	641,693,514.13	641,693,514.13		
Other payables	37,246,917.96	37,246,917.96	37,246,917.96		
Lease liabilities	12,550,946.65	14,048,089.25	4,169,018.52	5,196,876.43	4,682,194.30
Sub-total	743,575,961.23	745,155,999.36	735,276,928.63	5,196,876.43	4,682,194.30

(Continued from the table above)

Item	Amount at the end of the previous year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank borrowings	99,907,916.67	100,000,000.00	100,000,000.00		
Financial liabilities held for trading					
Notes payable	2,023,512.50	2,023,512.50	2,023,512.50		
Accounts payable	647,214,320.48	647,214,320.48	647,214,320.48		
Other payables	46,298,414.91	46,298,414.91	46,298,414.91		
Lease liabilities	7,076,508.66	7,400,806.84	4,444,629.87	2,839,800.97	116,376.00
Sub-total	802,520,673.22	802,937,054.73	799,980,877.76	2,839,800.97	116,376.00

(C) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk primarily comprises interest rate risk and foreign exchange risk.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risk, whilst floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate and floating-rate financial instruments based on market conditions and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is primarily related to its bank borrowings bearing interest at floating rates.

As at 31 December 2023, the Company had a limited amount of bank borrowings bearing interest at floating rates; consequently, this will not have a material impact on the Company's total profit or shareholders' equity.

b. Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in foreign exchange rates. The Company operates in mainland China, and its principal activities are denominated in Renminbi. Consequently, the market risk arising from foreign exchange fluctuations borne by the Company is not material.

The Company had no monetary assets or liabilities denominated in foreign currencies at the end of the period.

2. Hedging

(A) The Company engages in hedging activities for risk management

☐Applicable ☑Not applicable

(B) The Company engages in qualifying hedging activities and applies hedge accounting

Unit: RMB

Item	Carrying amount relating to the hedged item and the hedging instrument	Cumulative fair value hedge adjustments included in the recognized carrying amount of the hedged item	Effectiveness of hedge and source of ineffective portions of hedge	The impact of hedge accounting on the Company's financial statements
Types of hedged risks				
Category of hedges				

Other information

(C) The Company engages in hedging activities for risk management purposes and expects to achieve its risk management objectives, but does not apply hedge accounting

☐Applicable ☑Not applicable

3. Financial assets

(A) Classification by method of transfer

☐Applicable ☑Not applicable

(B) Financial assets derecognized due to transfer

☐Applicable ☑Not applicable

(C) Transfer of financial assets involving continued involvement

☐Applicable ☑Not applicable

Other information

XIII. DISCLOSURES OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Fair value measurement on an ongoing basis	–	–	–	–
(i) Financial assets measured at fair value through profit or loss			136,877,626.09	136,877,626.09
(ii) Investments in equity instruments			116,835,248.01	116,835,248.01
(iii) Short-term wealth management products			20,042,378.08	20,042,378.08
(iv) Other investments in equity instruments			5,680,408.16	5,680,408.16
Financing receivables			1,765,200.00	1,765,200.00
Total assets measured at fair value on a continuous basis			144,323,234.25	144,323,234.25
Others			10,200,000.00	10,200,000.00
Total liabilities measured at fair value on a continuous basis			10,200,000.00	10,200,000.00
II. Non-continuous fair value measurement	–	–	–	–

2. Basis for determining market prices of Level 1 fair value measurement items (both ongoing and non-ongoing)

3. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 2 fair value measurement items

4. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 3 fair value measurement items, whether ongoing or non-ongoing

Item	Fair value at the end of the period	Valuation technique
Short-term wealth management products	20,042,378.08	Determined as principal plus expected returns as at the end of the period
Investment in equity instruments	85,948,487.68	Valuation amount is used as fair value
	30,886,760.33	As the difference between the investee's fair value and carrying amount is minimal, the investee's carrying amount is used as its fair value
Financing receivables	1,765,200.00	As the difference between the fair value and carrying amount is minimal, the carrying amount is used as its fair value
Other investments in equity instruments	5,680,408.16	As the difference between the investee's fair value and carrying amount is minimal, the investee's carrying amount is used as its fair value
Contingent consideration for the acquisition of shares in a subsidiary	10,200,000.00	As the difference between the fair value and carrying amount is minimal, the carrying amount is used as its fair value

5. Items measured at Level 3 fair value on an ongoing basis, reconciliation between the carrying amounts at the beginning and end of the period, and sensitivity to unobservable parameters analysis

6. Items measured at fair value on an ongoing basis, where transfer between levels of the fair value hierarchy occurred during the current period, the reasons for such transfer and the policy for determining the timing of transfer

7. Changes in valuation techniques during the current period and the reasons for such changes

8. Fair value of financial assets and financial liabilities not measured at fair value

At the end of the period, the Company's financial assets and financial liabilities measured at amortized cost primarily include: Cash at bank and on hand, notes receivable, accounts receivables, other receivables, contract assets, debt investments, short-term borrowings, notes payable, accounts payable, other payables, non-current liabilities due within one year, and lease liabilities. The carrying amounts of the above financial assets and financial liabilities not measured at fair value differ only slightly from their fair values.

9. Others

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on our parent company

Name of parent company	Place of incorporation	Nature of business	Registered capital	Shareholding percentage of parent company in the Company	Proportion of voting rights of parent company in the Company

Description of the Company's parent company:

This Company has no parent company.

The ultimate controller of the Company is:

Other information:

Prior to 25 August 2023, the actual controller of the Company was Ge Hang. Ge Hang directly held 14.24% of the Company's shares. Since 25 August 2023, no single shareholder is able to control the Company's general meeting. No single shareholder holds sufficient voting rights, based on the shares of the listed company over which they have actual control, to have a material impact on the resolutions of the Company's general meetings.

2. Information on the Company's subsidiaries

For details regarding the Company's subsidiaries, please refer to the notes on interests in other entities.

3. Information on the Company's joint ventures and associates

For details of the Company's significant joint ventures or associates, please refer to the notes on interests in other entities.

The details of other joint ventures or associates that have entered into related-party transactions with the Company during the current period, or that have outstanding balances arising from related-party transactions with the Company in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company
Hangzhou Meiqing Digital Technology Co., Ltd.	Associate
Chengdu Miso Information Technology Co., Ltd.	Associate
Zhejiang Yishan	An associate until 22 December 2023; from 22 December 2023 onwards, as the shareholding percentage is 72.17%, it has become a controlled subsidiary
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Associate

Other information:

4. Details of other related parties

Name of other related parties	Relationship between other related parties and the Company
Ge Hang	Former actual controller; since 25 August 2023, a shareholder holding more than 5% of the Company's shares
Zhejiang Jianda Technology Co., Ltd.	An enterprise controlled by Zhou Jianxin (formerly held more than 5% of the Company's shares directly and indirectly; since July 2022, the shareholding ratio is less than 5% and is a non-affiliated party)
Philips (China) Investment Co., Ltd.	Shareholder holding more than 5% of the Company's shares
Hangzhou Jianbaofu Network Technology Co., Ltd.	A company controlled by Ge Hang
Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.	A company controlled by Ge Hang
Hangzhou Gehang Tea Culture Development Co., Ltd.	A company controlled by Ge Hang
Yijia Life and Health Management (Zhejiang) Co., Ltd.	Companies controlled by Ge Hang
Sanyouyun (Hangzhou) Health Industry Co., Ltd.	Formerly a company controlled by Ge Hang; control was lost after February 2023 and is a non-affiliated party
Yikang (Hangzhou) Health Technology Co., Ltd.	A company controlled by Ge Hang
Hangzhou Yijiayun Health Management Co., Ltd.	A company controlled by Ge Hang
Hangzhou Yijia Smart Health Management Co., Ltd.	A company controlled by Ge Hang
Beijing Jingzhun Gaoxin Health Management Co., Ltd.	Formerly a company controlled by Ge Hang; control was lost after March 2022 and is a non-affiliated party

Name of other related parties	Relationship between other related parties and the Company
Yiyitong (Beijing) Information Technology Co., Ltd.	A company in which a close family member of Ge Hang served as a director; the director resigned in April 2022 and is a non-affiliated party
Shanghai Peipu Information Technology Co., Ltd.	A company in which a close family member of a key management personnel of the Company serves as a director; is a non-affiliated party since August 2023
Zhang Song	Key management personnel of the Company

Other information:

5. Related-party transactions

(A) Related-party transactions involving the purchase and sale of goods, and rendering and receipt of services

Table showing the purchase of goods/receipt of services

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Approved transaction limit	Does it exceed the transaction limit	Amount incurred in the previous period
Zhejiang Yishan	Software consulting services			No	131,547.17
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Hardware products	2,500,000.00		Yes	
Shanghai Peipu Information Technology Co., Ltd.	Software consultancy services	1,156,272.00		Yes	
Chengdu Miso Information Technology Co., Ltd.	Software products	282,000.00		Yes	37,168.14

Related party	Details of related party transactions	Amount incurred in the current period	Approved transaction limit	Does it exceed the transaction limit	Amount incurred in the previous period
Yiyitong (Beijing) Information Technology Co., Ltd.	Software products			No	999,178.76
Hangzhou Meiqing Digital Technology Co., Ltd.	Software consulting services, software products			No	112,456.18

Table showing the sales of goods/rendering f services

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Zhejiang Yishan	Software products, technical services	11,316,868.81	
Zhejiang Jianda Technology Co., Ltd.	Software products, operation and maintenance services		953,915.61
Hangzhou Meiqing Digital Technology Co., Ltd.	Software products		11,792.45

Description of related-party transactions involving the purchase and sale of goods and rendering and receipt of services

(B) Description of related-party entrusted management/contract-in and outsourced management/ contract out

Table showing the Company's entrusted management/contract-in arrangements:

Unit: RMB

Name of principal/ contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-in assets	Start date of the custody/ contract-in	End date of the custody/ contract-in	Basis for determining custodian income/ contract-in income	Custodian income/ contract-in income recognized in the current period

Description of related-party custody/contract-in arrangements:

Table of the Company's entrusted management/contract-out arrangements:

Unit: RMB

Name of principal/ contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-out assets	Start date of the custody/ contract-out	End date of the custody/ contract-out	Basis for determining custodian fee/ contract-out fee	Custodian fee/ contract-out fee recognized in the current period

Description of related-party management/contract-out arrangements

(C) Description of related-party leases

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the previous period
Yikang (Hangzhou) Health Technology Co., Ltd.	Buildings and structures	690,799.20	64,562.40
Hangzhou Meiqing Digital Technology Co., Ltd.	Buildings and structures	484,077.60	484,077.60
Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.	Buildings and structures	456,451.20	496,555.20
Hangzhou Gehang Tea Culture Development Co., Ltd.	Buildings and structures	34,285.71	34,285.71
Hangzhou Yijiayun Health Management Co., Ltd.	Buildings and structures	18,768.00	
Hangzhou Yijia Smart Health Management Co., Ltd.	Buildings and structures	15,248.40	
Sanyouyun (Hangzhou) Health Industry Co., Ltd.	Buildings and structures		28,440.00
Yijia Life Health Management (Zhejiang) Co., Ltd.	Buildings and structures		805,887.00
Hangzhou Jianbaofu Network Technology Co., Ltd.	Buildings and structures		32,547.00

The Company as lessee:

Unit: RMB

Lessor name	Type of leased asset	Rental fee of simplified treatment of short-term leases and low-value lease assets (if applicable)		Variable lease payment not included in measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period

Description of related-party leasing

During the current period, whilst leasing buildings and structures to the above-mentioned related parties, the Company collected and paid relevant water and electricity charges amounting to RMB72,577.17; concurrently, it provided property services and collected property fee of RMB247,921.29.

(D) Related-party guarantees

The Company as guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

Our Company as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

Description of related-party guarantees

(E) Funds borrowed or lent involving related parties

Unit: RMB

Related party	Amount of funds borrowed or lent	Commencement date	Maturity date	Description
Borrowed				
Lent				

(F) Transfer of assets and debt restructuring involving related parties

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Philips (China) Investment Co., Ltd.	Software licence fee		150,000,000.00

(G) Remuneration of key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	6,204,170.94	6,665,773.16

(H) Other related party transactions

6. Amount due to/from related parties

(A) Receivables

Unit: RMB

Item name	Related party	Closing balance		Opening balance	
		Book balance	Bad debts allowance	Book balance	Bad debts allowance
Accounts receivable	Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.	317,455.11	15,872.76		
Accounts receivable	Yikang (Hangzhou) Health Technology Co., Ltd.	264,466.44	13,223.32		
Accounts receivable	Yijia Life Health Management (Zhejiang) Co., Ltd.	29,610.00	5,922.00	227,689.56	11,384.48
Accounts receivable	Hangzhou Yijia Smart Health Management Co., Ltd.	16,010.82	800.54		
Accounts receivable	Hangzhou Yijiayun Health Management Co., Ltd.	10,634.40	531.72		
Accounts receivable	Hangzhou Gehang Tea Culture Development Co., Ltd.	9,000.00	450.00	36,000.00	1,800.00
Accounts receivable	Sanyouyun (Hangzhou) Health Industry Co., Ltd.			1,575.03	78.75
Prepayment	Chengdu Miso Information Technology Co., Ltd.			57,616.27	

(B) Payables

Unit: RMB

Item name	Related party	Book balance at the end of period	Book balance at the beginning of period
Accounts payable	Philips (China) Investment Co., Ltd.	50,000,000.00	120,000,000.00
Accounts payable	Zhejiang Chuanglian Wangjie Technology Co., Ltd.	1,750,000.00	
Accounts payable	Hangzhou Meiqing Digital Technology Co., Ltd.	992,372.00	1,069,881.42
Accounts payable	Shanghai Peipu Information Technology Co., Ltd.	188,734.78	
Accounts payable	Beijing Jingzhun Gaoxin Health Management Co., Ltd.		155,044.66
Receipts in advance	Hangzhou Meiqing Digital Technology Co., Ltd.	45,724.83	
Receipts in advance	Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.		69,226.29
Contract liabilities	Zhejiang Yishan		1,312,002.93
Other payables	Hangzhou Meiqing Digital Technology Co., Ltd.	31,784.59	
Other payables	Hangzhou Gehang Tea Culture Development Co., Ltd.	230,910.00	255,182.00
Other payables	Zhang Song		65,540.00

7. Commitments by related parties

8. Others

XV. SHARE-BASED PAYMENT

1. Overview of share-based payment

☑Applicable ☐Not applicable

Unit: RMB

Category of grantees	Granted in the current period		Exercised in the current period		Unlocked in the current period		Lapsed in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior management							3,960,000.00	12,236,400.00
Other core personnel	7,200,000.00	24,631,200.00					12,960,000.00	40,704,600.00
Total	7,200,000.00	24,631,200.00					16,920,000.00	52,941,000.00

Stock options or other equity instruments outstanding at the end of the period

☐Applicable ☑Not applicable

Other information:

Pursuant to the "Proposal on the 'B-Soft Co., Ltd. 2022 Restricted Stock Incentive Plan (Draft) and its Summary" approved at the Company's 3rd Extraordinary General Meeting, and the "Proposal on the Grant of Reserved Restricted Shares to Incentive Recipients" approved at the 28th Meeting of the 7th Board of Directors and the 22nd Meeting of the 7th Supervisory Board, it was resolved that 5 June 2023 shall be the reserved grant date, on which 7,200,000 Class II restricted shares shall be granted to 19 eligible incentive recipients at a price of RMB4.45 per share. The restricted shares shall be sourced from the Company's private placement of RMB ordinary A-shares to the incentive recipients. The restricted shares granted under this incentive scheme will vest in instalments at the agreed proportions once the incentive recipients meet the relevant vesting conditions.

As the performance of the Company in 2023 failed to meet the performance targets for the first vesting period, no share-based payment expense needs to be recognized for the restricted shares granted in 2022 and the reserved restricted shares during the first vesting period. The Company expects to meet the performance targets for the second and third vesting periods; therefore, the corresponding share-based payment expenses for the second and third vesting periods have been recognized in the current period.

2. Equity-settled share-based payment

☑Applicable ☐Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	For restricted shares granted in the 2023, the time value of the option is calculated by using the closing price of the shares on the grant date to determine the fair value of the restricted shares
Basis for determining the number of exercisable equity instruments	For restricted shares, the fair value is determined based on the allocated quota, taking into account changes in the number of exercisable employees at each balance sheet date, the Company's performance assessment indicators for each exercisable year and the individual performance appraisal of the incentive recipients
Reasons for significant differences between the current period's estimates and those of the previous period	None
Cumulative amount of equity-settled share-based payment included in capital reserve	163,619,709.58
Total expense recognized for equity-settled share-based payment in the current period	27,595,284.23

Other information:

3. Cash-settled share-based payment

☐Applicable ☑Not applicable

4. Share-based payment expense in the current period

☑Applicable ☐Not applicable

Unit: RMB

Category of grantees	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Senior management	6,864,081.87	
Other core personnel	20,731,202.36	
Total	27,595,284.23	

Other information:

5. Amendment and termination of share-based payment

6. Others

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant commitments existing at the balance sheet date

As at 31 December 2023, the Company had outstanding capital contribution obligations totalling RMB97.99 million in respect of established and invested subsidiaries, comprising: Ninghai Hangchuang Network Technology Co., Ltd. RMB10 million, Zhejiang Yikang Data Technology Research Institute Co., Ltd. RMB6.24 million, Guangzhou Yuewan Huikang Technology Co., Ltd. RMB9.7 million, Hainan Huiyi Internet Medical Technology Co., Ltd. RMB1.5 million, Hangzhou Huikang Hulian Technology Co., Ltd. RMB36.55 million, Tianjin Qingchuang Huikang Technology Co., Ltd. RMB10 million, Guangzhou Yunwan Huikang Technology Co., Ltd. RMB10 million, and Wenzhou Urban Smart Health Co., Ltd. RMB14.00 million.

2. Contingencies

(A) Significant contingencies as at the balance sheet date

As at the balance sheet date, the Company had no material contingencies requiring disclosure.

(B) If the Company has no significant contingencies requiring disclosure, this should also be stated

The Company has no material contingencies requiring disclosure.

3. Others

XVII. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting items

Unit: RMB

Item	Description	Impact on financial position and operating results	Reason for inability to estimate impact

2. Profit distribution

Dividend proposed for distribution per 10 shares (RMB)	0.1
Bonus shares proposed for distribution per 10 shares (number of shares)	0
Capital reserve capitalization proposed for distribution per 10 shares (number of shares)	0
Dividend approved and declared for distribution per 10 shares (RMB)	0.1
Profit distribution proposal	In accordance with the 2023 profit distribution proposal approved at the 5th meeting of the 8th Board of Directors held on 12 April 2024, a cash dividend of RMB0.1 (including tax) will be distributed for every 10 shares, based on the Company's total issued share capital, excluding shares held in special account for repurchased securities. The aforementioned profit distribution proposal is subject to approval by the general meeting.

3. Sales return

4. Description of other events after the balance sheet date

XVIII. OTHER IMPORTANT MATTERS

1. Correction of accounting errors in previous period

(A) Retrospective restatement method

Unit: RMB

Details of correction of accounting errors	Treatment procedure	Name of affected items in the statements in each of the comparative periods	Cumulative effect

(B) Prospective application

Details of correction of accounting errors	Approval procedure	Reasons for adopting the prospective application method

2. Debt restructuring

3. Asset swap

(A) Swap of non-monetary assets

(B) Other asset swaps

4. Pension schemes

5. Discontinuation of operations

Unit: RMB

Item	Revenue	Expenses	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the parent company

Other information:

6. Segment information

(A) Basis for determining reportable segments and accounting policies

The Company's principal business activities comprise software sales, system integration and technical services. As the Company is currently unable to accurately allocate operating assets and liabilities directly attributable to a specific segment, there are no reportable segments. Details of the Company's operating revenue and operating cost by product category are set out in "Operating revenue and cost" under VII. Notes to Items in the Consolidated Financial Statements in Section 10 of this report.

(B) Financial information by reportable segment

Unit: RMB

Item	Inter-segment eliminations	Total

(C) Where the company has no reportable segment or is unable to disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

(D) Other information

7. Other significant transactions and matters affecting investors' decision-making

8. Others

XIX. NOTES TO THE MAIN ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Account receivables

(A) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	719,412,218.24	659,258,200.53
1-2 years	484,196,882.72	595,945,790.89
2-3 years	393,999,056.86	184,381,580.32
Over 3 years	266,606,409.47	152,853,113.71
3-4 years	141,258,045.77	79,357,427.27
4-5 years	67,411,433.44	34,095,695.61
Over 5 years	57,936,930.26	39,399,990.83
Total	1,864,214,567.29	1,592,438,685.45

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	18,216,997.98	0.98%	18,216,997.98	100.00%		12,155,786.00	0.76%	12,155,786.00	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	1,845,997,569.31	99.02%	418,915,107.93	22.69%	1,427,082,461.38	1,580,282,899.45	99.24%	306,057,951.97	19.37%	1,274,224,947.48
Of which:										
Total	1,864,214,567.29	100.00%	437,132,105.91	23.45%	1,427,082,461.38	1,592,438,685.45	100.00%	318,213,737.97	19.98%	1,274,224,947.48

Provision for bad debt allowance on an individual basis: 18,216,997.98

Unit: RMB

Name	Closing balance		Opening balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is unlikely that the amount will be recovered
Other miscellaneous customers			6,061,211.98	6,061,211.98	100.00%	These companies are facing operational difficulties, and it is unlikely that the amount will be recovered
Total	12,155,786.00	12,155,786.00	18,216,997.98	18,216,997.98		

Provision for bad debts allowance by portfolio: 418,915,107.93

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Portfolio due from related parties within the scope of consolidation	3,727,046.83		
Ageing portfolio	1,842,270,522.48	418,915,107.93	22.74%
Total	1,845,997,569.31	418,915,107.93	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(C) Details of bad debts allowance being made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category		Movements during the period				Closing balance
	Opening balance	Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance on an individual basis	12,155,786.00	6,061,211.98				18,216,997.98
Provision for bad debts allowance on a portfolio basis	306,057,951.97	116,423,451.49		3,566,295.53		418,915,107.93
Total	318,213,737.97	122,484,663.47		3,566,295.53		437,132,105.91

Of which, significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

(D) Details of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	3,566,295.53

Description of significant write-off of accounts receivable:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write off of accounts receivable:

(E) Top five closing balance of accounts receivable and contract assets by debtor at the end of the period

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	61,842,000.13		61,842,000.13	3.11%	19,376,027.36
2nd place	58,857,724.81	414,400.00	59,272,124.81	2.98%	16,995,137.45
3rd place	39,841,501.56	390,107.31	40,231,608.87	2.02%	10,891,321.70
4th place	37,754,613.34	92,964.00	37,847,577.34	1.90%	6,829,307.87
5th place	36,792,019.97		36,792,019.97	1.84%	7,358,403.99
Total	235,087,859.81	897,471.31	235,985,331.12	11.85%	61,450,198.37

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	91,050,151.54	75,675,111.60
Total	91,050,151.54	75,675,111.60

(A) Interest receivable

i) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

ii) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether impairment has occurred and the basis for the determination

Other information:

iii) Disclosure by bad debt provisioning method

☐Applicable ☑Not applicable

iv) Details of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, description of significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio of bad debts allowance and its reasonableness

Other information:

v) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(B) Dividends receivable

i) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

ii) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Ageing	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

iii) Disclosure by bad debt provision method

☐Applicable ☑Not applicable

iv) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

v) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of write-off of significant dividends receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(C) Other receivables

i) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	58,359,488.42	58,803,306.62
Contingency fund	4,266,054.32	3,179,424.20
Funds lent or borrowed	53,793,129.49	35,782,013.70
Others	3,075,192.13	2,193,140.94
Total	119,493,864.36	99,957,885.46

ii) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	58,827,241.25	38,623,370.97
1-2 years	20,651,898.90	23,128,604.34
2-3 years	11,525,621.25	13,625,360.28
Over 3 years	28,489,102.96	24,580,549.87
3-4 years	6,036,139.39	13,454,204.77
4-5 years	12,234,913.80	3,829,550.40
Over 5 years	10,218,049.77	7,296,794.70
Total	119,493,864.36	99,957,885.46

iii) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance by portfolio	119,493,864.36	100.00%	28,443,712.82	23.80%	91,050,151.54	99,957,885.46	100.00%	24,282,773.86	24.29%	75,675,111.60
Of which:										
Total	119,493,864.36	100.00%	28,443,712.82	23.80%	91,050,151.54	99,957,885.46	100.00%	24,282,773.86	24.29%	75,675,111.60

Provision for bad debts allowance by portfolio: 28,443,712.82

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Amount due from related parties within the scope of consolidation	53,793,129.49		
Ageing portfolio	65,700,734.87	28,443,712.82	43.29%
Total	119,493,864.36	28,443,712.82	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2023	626,384.31	3,016,210.83	20,640,178.72	24,282,773.86
Balance as at 1 January 2023 in the period				
– Transfer to Stage 2	-225,891.80	225,891.80		

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
– Transfer to Stage 3		-2,305,124.25	2,305,124.25	
Provision for the period	657,916.23	-33,411.19	3,536,433.92	4,160,938.96
Balance as at 31 December 2023	1,058,408.74	903,567.19	26,481,736.89	28,443,712.82

Basis for classification by stage and bad debt provisioning ratio

The provisioning ratio for bad debts in Stage 1 is 1.41%, for Stage 2 it is 20%, and for Stage 3 it is 66.18%.

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

iv) Description of bad debts allowance made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts allowance by portfolio	24,282,773.86	4,160,938.96				28,443,712.82
Total	24,282,773.86	4,160,938.96				28,443,712.82

Of which, significant amounts of bad debt allowance reversed or recovered during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

v) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of other receivables:

vi) Description of top five closing balance of other receivables by debtor

Unit: RMB

Name of entity	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Huikang Hulian	Funds lent or borrowed	32,455,019.12	Within 1 year RMB21,087,170.74; 1–2 years RMB11,367,848.38	27.16%	
Xinjiang Chuangshi	Funds lent or borrowed	7,827,487.05	Within 1 year RMB3,640,249.24; 1–2 years RMB3,605,083.83; 2–3 years RMB582,153.98	6.55%	
Fujian Medical University Union Hospital	Deposits or security money	7,367,787.75	4–5 years	6.17%	5,894,230.20
Tianjin Chuangjin	Funds lent or borrowed	6,737,982.10	Within 1 year	5.64%	
Yancheng First People's Hospital	Deposits or security money	5,495,000.00	2–3 years RMB3,016,000.00; 3–4 years RMB2,479,000.00	4.59%	2,144,300.00
Total		59,883,276.02		50.11%	8,038,530.20

vii) Reported under other receivables due to centralised fund management

Unit: RMB

Other information:

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Investments in subsidiaries	1,738,211,197.35	149,801,474.82	1,588,409,722.53	1,665,077,859.83	113,613,703.94	1,551,464,155.89
Investments in associates and joint ventures	118,184,037.09		118,184,037.09	157,619,886.10		157,619,886.10
Total	1,856,395,234.44	149,801,474.82	1,706,593,759.62	1,822,697,745.93	113,613,703.94	1,709,084,041.99

(A) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period				Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Provision for impairment allowance	Others		
Hangzhou Lianqi Technology Co., Ltd.	8,951,051.13						8,951,051.13	
Suzhou Chuangye Yikang Information Technology Co., Ltd.	6,000,000.00						6,000,000.00	
Chuangye Software Nanjing Co., Ltd.	30,000,000.00						30,000,000.00	
Shanghai Chuanghang Software Co., Ltd.	36,000,000.00						36,000,000.00	
Xinjiang Chuangshi Information Technology Co., Ltd.	4,250,000.00				4,250,000.00			4,250,000.00
Beijing Tongkang Medical Information Technology Co., Ltd.	503,705.93	2,913,269.97					503,705.93	2,913,269.97
Chongqing Chuangyikang Software Co., Ltd.	16,000,000.00						16,000,000.00	
Tianjin Chuangjin Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Hangzhou Weiqin Technology Co., Ltd.	1,418,922.28	1,121,977.72					1,418,922.28	1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd.	109,700,000.00						109,700,000.00	
Zhongshan Lantian Computer Co., Ltd.	300,000.00			300,000.00				

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period				Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Provision for impairment allowance	Others		
Zhongshan Hangchuang Technology Co., Ltd.	20,000,000.00						20,000,000.00	
Hangzhou Huikang IoT Technology Co., Ltd.	1,163,872,004.51	94,127,995.49			29,839,689.71		1,134,032,314.80	123,967,685.20
Hangzhou Zhuoteng Information Technology Co., Ltd.	29,329,104.80						29,329,104.80	
Hangzhou Hemei Property Management Co., Ltd.	1,000,000.00						1,000,000.00	
Hangzhou Minotech Technology Co., Ltd.	79,949,367.24	15,450,460.76			2,098,081.17		77,851,286.07	17,548,541.93
Zhejiang Yikang Data Technology Research Institute Co., Ltd.	1,940,000.00						1,940,000.00	
Guangzhou Yuewan Huikang Technology Co., Ltd.	300,000.00						300,000.00	
Zigong Hangchuang Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Hainan Huiyi Internet Medical Technology Co., Ltd.	8,500,000.00						8,500,000.00	
Hangzhou Huikang Hulian Technology Co., Ltd.	13,450,000.00						13,450,000.00	
Wenzhou City Smart Health Co., Ltd.			5,228,102.67				5,228,102.67	
Tianjin Qingchuang Huikang Technology Co., Ltd.								
Hangzhou Huixin Health Technology Co., Ltd.								
Lanzhou Yuanteng Software Technology Co., Ltd.			51,000,000.00				51,000,000.00	
Tianjin Zhanhua Technology Development Co., Ltd.			5,950,000.00				5,950,000.00	
Ninghai Hangchuang Network Technology Co., Ltd.								
Guangzhou Yunwan Huikang Technology Co., Ltd.								
Zhejiang Yishan Smart Healthcare Research Co., Ltd.			11,255,234.85				11,255,234.85	
Total	1,551,464,155.89	113,613,703.94	73,433,337.52	300,000.00	36,187,770.88		1,588,409,722.53	149,801,474.82

(B) Investments in joint ventures and associates

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investments	Reduction in investment	Investment profit and loss recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	23,537,237.95			3,031,654.06	46,495.16	-5,004,475.87					15,547,603.18	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	49,330,118.48			23,884,476.53	6,135,547.75						31,581,189.70	
Chengdu Miso Information Technology Co., Ltd.	237,063.92				-23,079.51						213,984.41	
Odin Health Limited	12,030,990.11				1,742,139.70			728,451.00			13,044,678.81	
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.	4,374,533.82				-4,374,533.82							
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	29,514,540.64				680,039.27						30,194,579.91	
Hangzhou Meiqing Digital Technology Co., Ltd.	26,226,235.19				1,375,765.89						27,602,001.08	
Wenzhou Health	1,732,375.93				- 308,773.26					- 1,423,602.67		
Zhejiang Yishan	10,636,790.06				618,444.79					- 11,255,234.85		
Subtotal	157,619,886.10			26,916,130.59	5,892,045.97	-5,004,475.87		728,451.00		-12,678,837.52	118,184,037.09	
Total	157,619,886.10			26,916,130.59	5,892,045.97	- 5,004,475.87		728,451.00		- 12,678,837.52	118,184,037.09	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(C) Other information

4. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	1,312,492,044.68	743,396,992.87	1,218,642,821.28	639,651,734.76
Other operations	2,849,402.95	563,176.34	3,391,235.01	560,099.15
Total	1,315,341,447.63	743,960,169.21	1,222,034,056.29	640,211,833.91

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type								
Of which:								
Software sales	651,660,291.80	294,048,806.28					651,660,291.80	294,048,806.28
Technical Services	493,916,566.17	300,246,189.39					493,916,566.17	300,246,189.39
System integration	148,731,448.93	131,594,047.26					148,731,448.93	131,594,047.26
Others	21,033,140.73	18,071,126.28					21,033,140.73	18,071,126.28
By operating region								
Of which:								
Eastern China	643,708,900.35	342,649,070.40					643,708,900.35	342,649,070.40
Southern China	175,852,459.59	105,196,927.70					175,852,459.59	105,196,927.70
Central China	128,518,811.01	77,636,255.45					128,518,811.01	77,636,255.45
Northern China	121,469,756.19	73,853,714.25					121,469,756.19	73,853,714.25
Northwest Region	94,805,126.62	56,808,401.56					94,805,126.62	56,808,401.56
Other regions	150,986,393.87	87,815,799.85					150,986,393.87	87,815,799.85
Market or customer type								
Of which:								
Contract type								
Of which:								

Category of contract	Segment 1		Segment 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Classified by time of transfer of goods								
Of which:								
Classified by contract duration								
Of which:								
Classified by sales channel								
Of which:								
Total								

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue amount corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed as at the end of the reporting period was RMB1,472,788,479.78.

Significant contract modifications or significant price adjustments

Unit: RMB

Item	Accounting treatment method	Impact on income

Other information:

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the cost method		3,000,000.00
Income from long-term equity investments accounted for using the equity method	5,892,045.97	-4,724,375.80
Investment income from disposal of long-term equity investments	117,015.66	-11,844,756.00
Investment income from disposal of financial assets held for trading		733,055.56
Dividend income from other non-current financial assets during the holding period	4,311,951.33	3,096,845.78
Total	10,321,012.96	-9,739,230.46

6. Others

XX. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gains and losses in the current period

☑Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Gains or losses from disposal of non-current assets	6,800,604.15	
Government grants included in profit or loss for the period (excluding those closely related to the Company's normal business operations, in compliance with national policy provisions, granted in accordance with established criteria, and having a continuing impact on the Company's profit or loss)	6,264,008.95	
Gains or losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses arising from the disposal of financial assets and financial liabilities, excluding effective hedging transactions related to the Company's normal business operations	-12,363,859.82	
Reversal of impairment allowance for receivables subject to individual impairment testing	441,207.10	
Gains arising as a result of the cost of an enterprise's investment in a subsidiary, associate or joint venture being less than the fair value of identifiable net assets in the investee at the time of acquisition of investment	2,777,462.34	
Other non-operating revenue and expenses other than those mentioned above	-997,241.83	
Less: Income tax effect	-683,919.17	
Effect on minority interests (after tax)	913,023.98	
Total	2,693,076.08	–

Description of other items of profit or loss meeting the definition of non-recurring items:

☐Applicable ☑Not applicable

The Company has no other specific details regarding profit or loss items that meet the definition of non-recurring profit or loss.

Description of cases where non-recurring profit or loss items listed in 'Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public – Non-recurring Profit or Loss' have been classified as recurring profit or loss items

☐Applicable ☑Not applicable

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	0.80%	0.02	0.02
Net profit attributable to ordinary shareholders of the Company, excluding non-recurring profit and loss	0.74%	0.02	0.02

3. Differences in accounting data under domestic and overseas accounting standards

(A) Differences in net profit and net assets between financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards

☐Applicable ☑Not applicable

(B) Differences in net profit and net assets between financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards

☐Applicable ☑Not applicable

(C) Description of the reasons for differences in accounting data under domestic and overseas accounting standards; where adjustments have been made to data already audited by an overseas audit firm, the name of that overseas firm should be stated

☐Applicable ☑Not applicable

4. Others

SECTION 10 FINANCIAL REPORT

I. AUDIT REPORT

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	14 April 2025
Name of the audit firm	Pan-China Certified Public Accountants LLP
Audit report reference number	Tian Jian Shen [2025] No. 4728
Name of certified public accountants	Weng Zhigang, Peng Min

Text of the Audit Report

To all shareholders of B-Soft Co., Ltd.:

1. Audit opinion

We have audited the financial statements of B-Soft Co., Ltd. (hereinafter referred to as "B-Soft" or the "Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2024, the consolidated and parent company income statements, cash flow statements and statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of B-Soft as at 31 December 2024, and its consolidated and parent company financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

2. Basis for audit opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in the PRC. Our responsibilities under these standards are further described in the "Certified public accountant's responsibilities for the audit of the financial statements" section of our report. In accordance with the Code of Ethics for Certified Public Accountants in the PRC, we are independent of B-Soft and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

3. Key audit matters

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

(A) Revenue recognition

a. Descriptions

Details of relevant information are disclosed in Notes III (XXIV) and V(II)1 to the financial statements.

The operating revenue of B-Soft is primarily derived from software sales, system integration and technical services. In 2024, the operating revenue of B-Soft amounted to RMB1,422.6452 million.

As operating revenue is one of B-Soft's key performance indicators, there is an inherent risk that the management of B-Soft (hereinafter referred to as the "management") may achieve specific targets or expectations through inappropriate revenue recognition. Consequently, we have identified revenue recognition as a key audit matter.

b. Audit response

Our principal audit procedures related to revenue recognition included the following, among others:

(i) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Inspect major sales contracts to understand principal contract terms and conditions, and assess the appropriateness of revenue recognition methods;

(iii) Perform analytical procedures on operating revenue and gross profit margins by projects and customers to identify material or unusual fluctuations and ascertain the underlying causes;

(iv) For revenue, selecting items to review relevant supporting documentation, including sales contracts, launch information and acceptance reports; in conjunction with accounts receivable and contract asset confirmations, selecting items to confirm project revenue and project progress;

(v) Perform cut-off tests to verify that revenue has been recognized in the appropriate period;

(vi) Obtain records of sales return after the balance sheet date to verify whether there are any instances where revenue recognition criteria have not been met as of the balance sheet date;

(vii) Review whether information relating to operating revenue has been appropriately and disclosed presented in the financial statements.

(B) Impairment of goodwill

a. Descriptions

Details of relevant information are disclosed in Notes III(XIX) and Note V(I)21 to the financial statements.

As at 31 December 2024, the gross carrying amount of goodwill of B-Soft was RMB1,110.4889 million, with an impairment allowance of RMB243.7377 million and a carrying amount of RMB866.7511 million.

Management performs impairment testing on goodwill in conjunction with the relevant asset groups or combinations of asset groups, with the recoverable amount of such asset groups or combinations of asset groups determined based on the present value of estimated future cash flows. As the amount of goodwill is material and the impairment testing of goodwill involves significant management judgement, we have identified goodwill impairment as a key audit matter.

b. Audit response

Our principal audit procedures related to impairment of goodwill included the following, among others:

(i) Understand the key internal controls related to impairment of goodwill, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Reviewing the results of estimates made by management in prior years regarding the present value of estimated future cash flows, or review any subsequent re-estimates made by the management;

(iii) Evaluate the competency, professional qualifications and objectivity of the external valuation experts engaged by the management;

(iv) Evaluate the appropriateness and consistency of the methods used by management in the impairment testing;

(v) Evaluate the appropriateness of the significant assumptions used by management in the impairment testing, and review whether such assumptions are consistent with the general economic environment, industry conditions, operating conditions, historical experience, and relevant assumptions used in other areas of business operations;

(vi) Assess the appropriateness, relevance and reliability of the data used by management in impairment testing, and review the consistency of the relevant information in the impairment testing;

(vii) Test the accuracy of management's calculation of the present value of estimated future cash flows;

(viii) Review whether information relating to goodwill impairment has been appropriately presented and disclosed in the financial statements.

4. Other information

The management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, the management is responsible for assessing B-Soft's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate B-Soft or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of B-Soft ("**those charged with governance**") are responsible for overseeing B-Soft's financial reporting process.

6. Certified public accountant's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement if one exists. Misstatements may arise from fraud or error, and a misstatement is generally considered material if it could, individually or in the aggregate, influence the economic decisions of users of the financial statements.

In carrying out our audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism. We also perform the following work:

(A) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and implement audit procedures to address these risks; and obtain sufficient and appropriate audit evidence as a basis for expressing an audit opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations or circumvention of internal controls, the risk of failing to detect a material misstatement resulting from fraud is higher than the risk of failing to detect a material misstatement resulting from error.

(B) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.

(C) Evaluate the appropriateness of the accounting policies selected by management and the reasonableness of the accounting estimates made and related disclosures.

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

(E) Evaluate the overall presentation, structure and content of the financial statements, and assess whether the financial statements give a true and fair view of the relevant transactions and events.

(F) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within B-Soft to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP

Certified Public Accountant in China:
(Engagement Partner)

Hangzhou, China

Certified Public Accountant in China:

14 April 2025

II. FINANCIAL STATEMENTS

The unit of currency in the notes to the financial statements is: RMB

1. Consolidated balance sheet

Prepared by: B-Soft Co., Ltd.

31 December 2024

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	1,018,894,565.64	1,094,386,640.73
Balances with clearing agencies		
Placements with banks and other financial institutions		
Financial assets held for trading	12,078,867.24	20,042,378.08
Derivative financial assets		
Notes receivable	7,082,228.17	1,094,589.05
Accounts receivable	1,550,479,708.54	1,579,674,434.61
Financing receivables	1,717,610.00	1,765,200.00
Prepayments	11,198,253.29	17,384,360.92
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	35,023,095.83	41,966,970.52
Of which: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	346,607,857.10	283,234,875.90
Of which: Data resources		
Contract assets	91,000,213.42	114,085,027.93
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,839,635.89	1,872,667.05

Item	Closing balance	Opening balance
Total current assets	3,075,922,035.12	3,155,507,144.79
Non-current assets:		
Disbursement of loans and advances		
Debt investments		1,286,058.00
Other debt investments		
Long-term receivables		
Long-term equity investments	158,365,587.85	168,980,662.83
Other investments in equity instruments	5,460,671.74	5,680,408.16
Other non-current financial assets	116,660,978.06	116,835,248.01
Investment properties	130,258,994.18	2,360,283.20
Fixed assets	495,252,732.28	303,467,328.02
Construction in progress	1,590,322.82	285,815,550.28
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	12,196,808.87	13,346,442.64
Intangible assets	732,986,470.85	695,912,486.97
Of which: Data resources		
Development expenditure	6,316,953.43	17,224,899.15
Of which: Data resources		
Goodwill	866,751,146.77	967,850,671.60
Long-term prepaid expenses	354,367.08	2,905,772.22
Deferred tax assets	66,015,637.67	53,177,764.91
Other non-current assets		
Total non-current assets	2,592,210,671.60	2,634,843,575.99
Total assets	5,668,132,706.72	5,790,350,720.78
Current liabilities:		
Short-term borrowings	49,839,086.81	7,307,401.39
Loans from the central bank		
Taking from banks and other financial institutions		
Financial liabilities held for trading	5,100,000.00	10,200,000.00
Derivative financial liabilities		
Notes payable	38,725,454.64	34,577,181.10
Accounts payable	676,585,555.82	641,693,514.13

Item	Closing balance	Opening balance
Receipts in advance	84,501.44	75,334.83
Contract liabilities	136,637,645.86	157,596,511.61
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	52,312,562.04	56,795,622.08
Taxes payable	178,492,360.00	148,133,143.46
Other payables	25,401,879.37	37,246,917.96
Of which: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	4,865,733.44	3,708,213.42
Other current liabilities	14,070,612.18	15,440,792.10
Total current liabilities	1,182,115,391.60	1,112,774,632.08
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	6,722,720.84	8,842,733.23
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	210,000.00	
Deferred income	5,624,169.12	4,848,585.48
Deferred tax liabilities		1,227.54
Other non-current liabilities		
Total non-current liabilities	12,556,889.96	13,692,546.25
Total liabilities	1,194,672,281.56	1,126,467,178.33

Item	Closing balance	Opening balance
Owners' equity:		
Share capital	1,549,124,692.00	1,549,124,692.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,548,522,169.19	1,552,788,459.78
Less: Treasury shares	31,000,786.19	31,000,786.19
Other comprehensive income	1,849,257.53	-4,649,410.64
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
General risk provision		
Undistributed profit	1,213,225,708.93	1,402,190,565.46
Total equity attributable to owners of the parent company	4,419,247,940.16	4,605,980,419.11
Minority interests	54,212,485.00	57,903,123.34
Total owners' equity	4,473,460,425.16	4,663,883,542.45
Total liabilities and owners' equity	5,668,132,706.72	5,790,350,720.78

Legal Representative: Zhang Lüzheng Chief Financial Officer: Hu Yan Chief Accountant: Hu Yan

2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	539,158,254.11	623,072,522.55
Financial assets held for trading		
Derivative financial assets		
Notes receivable	7,082,228.17	1,094,589.05
Accounts receivable	1,442,954,639.77	1,427,082,461.38
Financing receivables	1,717,610.00	1,765,200.00
Prepayments	8,116,950.92	6,957,449.90
Other receivables	35,371,164.21	91,050,151.54
Of which: Interest receivable		
Dividends receivable		
Inventories	311,627,384.94	244,767,324.08
Of which: Data resources		
Contract assets	87,501,839.00	110,730,006.86
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
Total current assets	2,433,530,071.12	2,506,519,705.36
Non-current assets:		
Debt investments		1,286,058.00
Other debt investments		
Long-term receivables		
Long-term equity investments	1,561,499,889.50	1,706,593,759.62
Other investments in equity instruments	5,460,671.74	5,680,408.16
Other non-current financial assets	116,660,978.06	116,835,248.01
Investment properties	128,120,636.22	
Fixed assets	438,819,784.67	242,248,783.29
Construction in progress	1,590,322.82	285,815,550.28

Item	Closing balance	Opening balance
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	11,028,635.89	10,402,948.32
Intangible assets	654,728,111.42	609,415,548.02
Of which: Data resources		
Development expenditure	6,830,365.86	19,451,420.20
Of which: Data resources		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	89,100,542.13	64,502,277.83
Other non-current assets		
Total non-current assets	3,013,839,938.31	3,062,232,001.73
Total assets	5,447,370,009.43	5,568,751,707.09
Current liabilities:		
Short-term borrowings	50,000.00	
Financial liabilities held for trading	5,100,000.00	10,200,000.00
Derivative financial liabilities		
Notes payable	16,698,904.64	32,864,478.20
Accounts payable	895,614,161.62	678,845,552.45
Receipts in advance		75,334.83
Contract liabilities	114,979,623.72	113,022,448.13
Employee benefits payable	28,153,787.91	30,210,064.53
Taxes payable	154,794,657.30	124,865,226.97
Other payables	227,932,707.49	295,036,927.20
Of which: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	4,072,601.59	2,460,589.45
Other current liabilities	12,794,812.33	11,497,816.37
Total current liabilities	1,460,191,256.60	1,299,078,438.13

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	6,525,192.97	7,276,578.10
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	210,000.00	
Deferred income	4,772,169.12	4,848,585.48
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	11,507,362.09	12,125,163.58
Total liabilities	1,471,698,618.69	1,311,203,601.71
Owners' equity:		
Share capital	1,549,124,692.00	1,549,124,692.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,656,713,061.41	1,660,979,352.00
Less: Treasury shares	31,000,786.19	31,000,786.19
Other comprehensive income	1,849,257.53	-4,649,410.64
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
Undistributed profit	661,458,267.29	945,567,359.51
Total owners' equity	3,975,671,390.74	4,257,548,105.38
Total liabilities and owners' equity	5,447,370,009.43	5,568,751,707.09

3. Consolidated income statement

Unit: RMB

Item	2024	2023
I. Total operating revenue	1,422,645,163.08	1,615,873,170.26
Of which: Operating revenue	1,422,645,163.08	1,615,873,170.26
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	1,349,492,033.11	1,442,579,582.31
Of which: Operating cost	779,896,550.73	856,809,373.61
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims expenses		
Net provision for insurance contracts reserve		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and surcharges	13,217,176.55	12,131,717.88
Selling expenses	120,701,568.66	129,317,706.52
Administrative expenses	209,145,763.83	207,603,254.58
Research and development expenses	269,281,209.76	247,471,085.49
Finance costs	-42,750,236.42	-10,753,555.77
Of which: Interest expenses	1,239,176.75	1,153,959.67
Interest income	44,202,804.23	12,471,518.32
Add: Other income	21,793,568.94	36,512,945.71
Investment income (losses are indicated by a '-' sign)	-2,249,302.71	14,066,834.41
Of which: Income from investments in associates and joint ventures	383,408.88	4,704,876.50
Income from derecognition of financial assets measured at amortized cost		

Item	2024	2023
Foreign exchange gains (losses are indicated by a '-' sign)		
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	19,178,596.03	-12,873,066.50
Credit impairment losses (losses are indicated by a '-' sign)	-144,443,218.12	-128,922,742.74
Impairment losses on assets (losses are indicated by a '-' sign)	-130,444,999.37	-39,915,659.02
Gains from disposal of assets (losses are indicated by a '-' sign)	21,162.70	1,563,345.95
III. Operating profit (losses are indicated by a '-' sign)	-162,991,062.56	43,725,245.76
Add: Non-operating revenue	3,799,588.34	3,251,028.02
Less: Non-operating expenses	2,326,911.75	1,608,029.78
IV. Total profit (total losses are indicated by a '–' sign)	-161,518,385.97	45,368,244.00
Less: Income tax expense	5,812,922.83	-318,831.62
V. Net profit (net losses are indicated by a '-' sign)	-167,331,308.80	45,687,075.62
(a) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net losses are indicated by a "–" sign)	-167,331,308.80	45,687,075.62
2. Net profit from discontinued operations (net losses are indicated by a "–" sign)		
(b) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company	-173,520,591.61	36,688,499.59
2. Profit or loss attributable to minority interests	6,189,282.81	8,998,576.03
VI. Other comprehensive income, net of tax	6,498,668.17	-5,377,112.92
Other comprehensive income attributable to owners of the parent company, net of tax	6,498,668.17	-5,377,112.92
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	6,498,668.17	-5,377,112.92
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	6,718,404.59	-5,004,475.87
3. Changes in fair value of other investments in equity instruments	-219,736.42	-372,637.05
4. Changes in fair value of the entity's own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		

Item	2024	2023
4. Credit impairment allowance for other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
Amount of other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	-160,832,640.63	40,309,962.70
Total comprehensive income attributable to owners of the parent company	-167,021,923.44	31,311,386.67
Total comprehensive income attributable to minority interests	6,189,282.81	8,998,576.03
VIII. Earnings per share		
(i) Basic earnings per share	-0.11	0.02
(ii) Diluted earnings per share	-0.11	0.02

Legal Representative: Zhang Lüzheng Chief Financial Officer: Hu Yan Chief Accountant: Hu Yan

4. Income statement of the parent company

Unit: RMB

Item	2024	2023
I. Operating revenue	1,110,086,042.64	1,315,341,447.63
Less: Operating cost	655,078,509.98	743,960,169.21
Taxes and surcharges	9,945,626.54	9,378,463.40
Selling expenses	97,528,059.75	105,182,359.67
Administrative expenses	164,306,139.13	171,018,392.68
Research and development expenses	204,402,738.85	210,496,057.15
Finance costs	-19,488,330.54	-3,017,621.93
Of which: Interest expenses	5,825,839.20	6,779,318.08
Interest income	25,462,809.20	10,303,563.82
Add: Other income	17,117,885.42	32,677,359.88
Investment income (losses are indicated by a '-' sign)	30,206,357.91	10,321,012.96
Of which: Income from investments in associates and joint ventures	700,411.83	5,892,045.97
Income from derecognition of financial assets measured at amortized cost (losses are indicated by a '-' sign)		

Item	2024	2023
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	19,148,124.60	-12,915,444.58
Credit impairment loss (losses are indicated by a '-' sign)	-201,282,693.55	-126,937,513.38
Impairment losses on assets (losses are indicated by a '-' sign)	-155,255,235.95	-44,165,591.55
Gains from disposal of assets (losses are indicated by a '-' sign)	-44,221.06	-267,712.58
II. Operating profit (losses are indicated by a '-' sign)	-291,796,483.70	-62,964,261.80
Add: Non-operating revenue	3,268,206.15	
Less: Non-operating expenses	2,057,662.64	1,471,628.82
III. Total profit (total losses are indicated by a '–' sign)	-290,585,940.19	-64,435,890.62
Less: Income tax expense	-21,921,112.89	-17,223,949.33
IV. Net profit (net losses are indicated by a '-' sign)	-268,664,827.30	-47,211,941.29
(i) Net profit from continuing operations (net losses are indicated by a "–" sign)	-268,664,827.30	-47,211,941.29
(ii) Net profit from discontinued operations (net losses are indicated by a "–" sign)		
V. Other comprehensive income, net of tax	6,498,668.17	-5,377,112.92
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	6,498,668.17	-5,377,112.92
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	6,718,404.59	-5,004,475.87
3. Changes in fair value of other investments in equity instruments	-219,736.42	-372,637.05
4. Changes in fair value of the entity's own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Credit Impairment allowance for other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	-262,166,159.13	-52,589,054.21
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,411,242,934.96	1,442,051,423.82
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash received from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Tax refunds received	17,860,546.81	29,514,691.78
Other cash receipts relating to operating activities	65,731,894.20	23,960,165.09
Subtotal of cash inflows from operating activities	1,494,835,375.97	1,495,526,280.69
Cash payments for goods purchased and services received	539,325,165.26	514,815,486.41
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash paid to employees and on behalf of employees	578,784,133.77	527,390,209.24
Payment of various types of taxes	85,279,425.69	91,097,619.43
Other cash payments relating to operating activities	176,713,817.49	204,381,316.81
Subtotal of cash outflows from operating activities	1,380,102,542.21	1,337,684,631.89
Net cash flow from operating activities	114,732,833.76	157,841,648.80
II. Cash flows from investing activities:		
Cash received from recovery of investment	38,567,908.33	38,268,832.71
Cash received from investment income	1,152,849.74	4,821,158.01

Item	2024	2023
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	1,007,012.50	5,114,785.68
Net cash received from the disposal of subsidiaries and other business entities		
Other cash receipts relating to investing activities	112,800,000.00	103,600,000.00
Subtotal of cash inflows from investing activities	153,527,770.57	151,804,776.40
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	242,740,611.19	391,835,903.08
Cash paid for investments	5,100,000.00	
Net increase in pledged loans receivable		
Net cash paid for the acquisition of subsidiaries and other business entities		34,530,751.50
Other cash payments relating to investing activities	118,755,789.29	117,100,000.00
Subtotal of cash outflows from investing activities	366,596,400.48	543,466,654.58
Net cash flow from investing activities	-213,068,629.91	-391,661,878.18
III. Cash flows from financing activities:		
Cash received from investment		
Of which: Cash received by subsidiaries from minority interests		
Cash received from borrowings	57,076,875.00	77,300,000.00
Other cash receipts relating to financing activities	1,590,000.00	
Subtotal of cash inflows from financing activities	58,666,875.00	77,300,000.00
Cash repayments of borrowings	7,300,000.00	170,000,000.00
Cash paid for distribution of dividends, profits or repayment of interest	16,036,195.36	16,066,238.99
Of which: dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	8,474,082.00	47,583,397.97
Subtotal of cash outflows from financing activities	31,810,277.36	233,649,636.96
Net cash flow from financing activities	26,856,597.64	-156,349,636.96
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-71,479,198.51	-390,169,866.34
Add: Opening balance of cash and cash equivalents	1,087,426,498.37	1,477,596,364.71
VI. Closing balance of cash and cash equivalents	1,015,947,299.86	1,087,426,498.37

6. Statement of cash flows of the parent company

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,076,482,092.14	1,116,165,567.52
Tax refunds received	15,578,662.75	27,601,407.73
Other cash receipts relating to operating activities	39,236,544.80	25,240,732.91
Subtotal of cash inflows from operating activities	1,131,297,299.69	1,169,007,708.16
Cash payments for goods purchased and services received	346,244,050.49	647,923,294.75
Cash paid to employees and on behalf of employees	461,801,622.63	447,455,796.94
Payment of various types of taxes	37,961,007.95	55,066,317.27
Other cash payments relating to operating activities	183,067,313.71	132,047,259.03
Subtotal of cash outflows from operating activities	1,029,073,994.78	1,282,492,667.99
Net cash flow from operating activities	102,223,304.91	-113,484,959.83
II. Cash flows from investing activities:		
Cash received from recovery of investment	38,567,908.33	38,268,832.71
Cash received from investment income	30,661,651.61	4,311,951.33
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	890,700.00	1,142,876.12
Net cash received from the disposal of subsidiaries and other business entities		417,015.66
Other cash receipts relating to investing activities	53,793,129.49	35,782,013.70
Subtotal of cash inflows from investing activities	123,913,389.43	79,922,689.52
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	220,201,949.61	365,917,520.74
Cash paid for investments	5,100,000.00	
Net cash paid for the acquisition of subsidiaries and other business entities		50,554,500.00
Other cash payments relating to investing activities	4,469,140.42	53,793,129.49
Subtotal of cash outflows from investing activities	229,771,090.03	470,265,150.23
Net cash flow from investing activities	-105,857,700.60	-390,342,460.71

Item	2024	2023
III. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings	50,000.00	70,000,000.00
Other cash receipts relating to financing activities	216,472,790.51	274,828,483.18
Subtotal of cash inflows from financing activities	216,522,790.51	344,828,483.18
Cash repayments of borrowings		170,000,000.00
Cash paid for distribution of dividends, profits or repayment of interest	15,484,346.17	15,505,813.57
Other cash payments relating to financing activities	277,190,358.09	80,379,011.27
Subtotal of cash outflows from financing activities	292,674,704.26	265,884,824.84
Net cash flow from financing activities	-76,151,913.75	78,943,658.34
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-79,786,309.44	-424,883,762.20
Add: Opening balance of cash and cash equivalents	616,530,862.52	1,041,414,624.72
VI. Closing balance of cash and cash equivalents	536,744,553.08	616,530,862.52

7. Consolidated statement of changes in equity

Amount for the current period

Unit: RMB

Item	2024														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,124,692.00				1,552,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11	57,903,123.34	4,663,883,542.45
Add: Change in accounting policy															
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,124,692.00				1,552,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11	57,903,123.34	4,663,883,542.45
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)					-4,266,290.59		6,498,668.17				-188,964,856.53		-186,732,478.95	-3,690,638.34	-190,423,117.29
(i) Total comprehensive income							6,498,668.17				-173,520,591.61		-167,021,923.44	6,189,282.81	-160,832,640.63
(ii) Capital contribution and capital decrease by owners					-4,266,290.59								-4,266,290.59		-4,266,290.59
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					-4,266,290.59								-4,266,290.59		-4,266,290.59
4. Others															
(iii) Profit Distribution											-15,444,264.92		-15,444,264.92		-15,444,264.92
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Distribution to owners (or shareholders)											-15,444,264.92		-15,444,264.92		-15,444,264.92
4. Others															

Item	2024															
	Equity attributable to owners of the parent company														Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal			
		Preference shares	Perpetual bonds	Others												
(iv) Internal transfers within owners' equity																
1. Capitalization of capital reserve (or conversion to share capital)																
2. Capitalization of surplus reserve (or conversion to share capital)																
3. Use surplus reserve to make up for losses																
4. Retained earnings carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income																
6. Others																
(v) Special reserve																
1. Allocation in the current period																
2. Utilization in the current period																
(vi) Others															-9,879,921.15	-9,879,921.15
IV. Closing balance in the current period	1,549,124,692.00				1,548,522,169.19	31,000,786.19	1,849,257.53		137,326,898.70		1,213,225,710.93		4,419,247,940.16		54,212,465.00	4,473,460,425.16

Amount for the current period

Unit: RMB

Item	2023														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,335,292.00				1,525,840,677.55	858,102.00	780,753.40		137,526,898.70		1,380,917,494.99		4,593,543,014.64	8,099,758.07	4,601,642,772.71
Add: Change in accounting policy															
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,335,292.00				1,525,840,677.55	858,102.00	780,753.40		137,526,898.70		1,380,917,494.99		4,593,543,014.64	8,099,758.07	4,601,642,772.71
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)	-210,600.00				26,947,782.23	30,142,684.19	-5,430,164.04				21,273,070.47		12,437,404.47	49,803,365.27	62,240,769.74
(i) Total comprehensive income							-5,377,112.92				36,688,499.59		31,311,386.67	8,998,576.03	40,309,962.70
(ii) Capital contribution and capital decrease by owners	-210,600.00				26,947,782.23	30,142,684.19							-3,405,501.96		-3,405,501.96
1. Ordinary shares contributed by owners	-210,600.00				-647,502.00	-858,102.00									
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					27,595,284.23								27,595,284.23		27,595,284.23
4. Others						31,000,786.19							-31,000,786.19		-31,000,786.19
(3) Profit distribution											-15,468,480.24		-15,468,480.24		-15,468,480.24
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Allocation to owners (or shareholders)											-15,468,480.24		-15,468,480.24		-15,468,480.24
4. Others															

Item	2023														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
(iv) Internal transfers within owners' equity											53,051.12				
1. Capitalization of capital reserve (or conversion to share capital)							-53,051.12								
2. Capitalization of surplus reserve (or conversion to share capital)															
3. Use surplus reserve to make up for losses															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income							-53,051.12				53,051.12				
6. Others															
(5) Special reserve															
1. Allocation in the current period															
2. Utilization in the current period															
(vi) Others														40,804,789.24	40,804,789.24
IV. Closing balance in the current period	1,549,124,692.00				1,532,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11	57,903,123.34	4,663,883,542.45

8. Statement of changes in equity of the parent company

Amount for the current period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Closing balance in the previous year	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38
Add: Change in accounting policy												
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38
III. Amount of increase or decrease in the current period (decrease is indicated by a "–" sign)					-4,266,290.59		6,498,668.17			-284,109,092.22		-281,876,714.64
(i) Total comprehensive income							6,498,668.17			-268,664,827.30		-262,166,159.13
(ii) Capital contribution and capital decrease by owners					-4,266,290.59							-4,266,290.59
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					-4,266,290.59							-4,266,290.59
4. Others												
(iii) Profit distribution										-15,444,264.92		-15,444,264.92
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)										-15,444,264.92		-15,444,264.92
3. Others												

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
(iv) Internal transfers within owners' equity												
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others												
IV. Closing balance in the current period	1,549,124,692.00				1,656,713,061.41	31,000,786.19	1,849,257.53		137,526,898.70	661,458,267.29		3,975,671,390.74

Amount for the previous period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Closing balance in the previous year	1,549,335,292.00				1,634,031,569.77	858,102.00	780,753.40		137,526,898.70	1,008,194,729.92		4,329,011,141.79
Add: Change in accounting policy												
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,335,292.00				1,634,031,569.77	858,102.00	780,753.40		137,526,898.70	1,008,194,729.92		4,329,011,141.79
III. Amount of increase or decrease in the current period (decrease is indicated by a "–" sign)	-210,600.00				26,947,782.23	30,142,684.19	-5,430,164.04			-62,627,370.41		-71,463,036.41
(i) Total comprehensive income							-5,377,112.92			-47,211,941.29		-52,589,054.21
(ii) Capital contribution and capital decrease by owners	-210,600.00				26,947,782.23	30,142,684.19						-3,405,501.96
1. Ordinary shares contributed by owners	-210,600.00				-647,502.00	-858,102.00						
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					27,595,284.23							27,595,284.23
4. Others						31,000,786.19						-31,000,786.19
(iii) Profit distribution										-15,468,480.24		-15,468,480.24
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)										-15,468,480.24		-15,468,480.24
3. Others												

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
(iv) Internal transfers within owners' equity							-53,051.12			53,051.12		
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income							-53,051.12			53,051.12		
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others												
IV. Closing balance in the current period	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38

III. BASIC INFORMATION OF THE COMPANY

Upon the approval by the Leading Group for Listed Companies of Zhejiang Provincial People's Government under the "Approval on the Change and Establishment of Hangzhou Chuangye Software Co., Ltd." (Zhe Shang Shi [2002] No. 33), B-Soft Co., Ltd. (hereinafter referred to as the "Company") was restructured in its entirety and established by Hangzhou Chuangye Software Group Co., Ltd. based on its net assets as of 31 March 2002 and registered with the Zhejiang Provincial Administration for Industry and Commerce on 27 June 2002. Its headquarters are located in Hangzhou, Zhejiang Province. The Company currently holds a business licence with the Unified Social Credit Code 9133000025393934X6, with registered capital of RMB1,549,124,692.00 and a total of 1,549,124,692 shares (par value of RMB1 per share). Of these, there are 22,430,922 A-shares subject to trading restrictions; and 1,526,693,770 A-shares with no trading restrictions. The Company's shares were listed on the Shenzhen Stock Exchange on 14 May 2015.

The Company operates in the software industry. Its principal business activities include software sales, system integration and technical services.

These financial statements were approved for issue by the 14th meeting of the Company's 8th Board of Directors on 14 April 2025.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Company's financial statements are prepared on a going-concern basis.

2. Going concern

The Company has detected no events or circumstances that may cast significant doubt upon its ability to continue as a going concern within 12 months from the reporting period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders on specific accounting policies and accounting estimates:

Important note: The Company has formulated the specific accounting policies and made the specific accounting estimates with respect to the impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, recognition of revenue and other transactions and events according to the actual production and operation characteristics of the Company.

1. Statement on compliance with accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and present a true and fair view of the Company's financial position, results of operations and cash flows, as well as other relevant information.

2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company has a relatively short operating cycle, and determines the liquidity of assets and liabilities on the basis of 12 months.

4. Functional currency

Renminbi is adopted as the functional currency.

5. Method for determination and basis for selection of materiality criteria

☑ Applicable ☐ Not applicable

Item	Materiality threshold
Significant accounts receivable for which provisions for individual bad debt allowance is made	Individual amount exceeds 0.50% of total assets
Significant recovery or reversal of bad debts allowance for other receivables	Individual amount exceeds 0.50% of total assets
Significant write-off of accounts receivable	Individual amount exceeds 0.50% of total assets
Significant prepayments aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant construction-in-progress projects	Total investment in a single project exceeds 0.50% of total assets
Significant accounts payable aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant other payables aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant receipts in advance aged over 1 year or which are past due	Individual amount exceeds 0.50% of total assets

Item	Materiality threshold
Significant contract liabilities aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant cash flow from investing activities	Individual amount exceeds 10% of total assets
Significant capitalized research and developments ("R&D") projects and externally acquired R&D projects	Individual amount exceeds 0.50% of total assets
Significant subsidiaries and non-wholly-owned subsidiaries	Total assets or total revenue or total profit exceeds 15% of the Group's total revenue or total profit
Significant joint ventures and associates	The carrying amount of an individual long-term equity investment exceeds 15% of the Group's net assets, or individual income from investments accounted for using the equity method exceeds 15% of the Group's total profit

6. Accounting treatment of business mergers involving entities under common control and business mergers not involving entities under common control

a. Accounting treatment of business mergers involving entities under common control

Assets and liabilities that are obtained by the Company in a business merger shall be measured at their carrying values in the consolidated financial statements of the ultimate controller at the merger date as recorded by the acquiree. The difference between the carrying value of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying value of the total consideration paid or total par value of the shares issued in connection with the merger is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

b. Accounting treatment of business mergers not involving entities under common control

Where the cost of the merger exceeds the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill at the date of acquisition. Where the cost of merger is lower than the Company's share of the fair value of the acquiree's identifiable net assets, the Company reviews the measurement of the fair value of each of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of merger, and if the cost of merger as reviewed is still lower than the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss in the current period.

7. Criteria for determining control and method for preparing consolidated financial statements

(i) Determination of control

Control is determined when the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

(ii) Method of preparation of consolidated financial statements

The parent company includes all of its controlled subsidiaries in its consolidated financial statements. The consolidated financial statements are prepared by the parent company in accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, on the basis of the respective financial statements of the parent company and its subsidiaries, by reference to other relevant data.

8. Classification of joint arrangements and accounting treatment for joint operations

a. Joint arrangements are classified as joint operations or joint ventures.

b. Where the Company is a partner in a joint operation, it shall recognize the following items relating to its share of interest in the joint operation:

(i) Recognize assets held solely by the Company, as well as jointly held assets in proportion to its ownership interest;

(ii) Recognize liabilities borne solely by the Company, and recognize jointly borne liabilities in proportion to its ownership interest;

(iii) Recognize revenue arising from the sale of the Company's share of the joint operation's output;

(iv) Recognize revenue arising from the disposal of assets by the joint operation in proportion to the Company's shareholding;

(v) Recognize expenses incurred on a stand-alone basis, and recognize expenses arising from joint operations in proportion to the Company's shareholding.

9. Criteria for recognition of cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of financial statements

Upon initial recognition, foreign currency transactions are translated into RMB using the spot exchange rates or approximations thereto at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from such translations are recognized in profit or loss in the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets and accrued interest. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates approximating those prevailing at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, and exchange differences arising from such translations are recognized in profit or loss in the current period or other comprehensive income.

11. Financial Instruments

a. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified into: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified into: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (3) financial guarantee contracts not falling under items (1) or (2), and loan commitments not falling under item (1) and at below-market interest rate; and (4) financial liabilities at amortized cost.

b. Basis for recognition, measurement methods and derecognition criteria for financial assets and financial liabilities

(i) Basis for recognition and initial measurement of financial assets and financial liabilities

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss in the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, where the accounts that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price defined in the Accounting Standards for Business Enterprises No. 14 – Revenue.

(ii) Subsequent measurement of financial assets

ii.i) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses on financial assets at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition, reclassification, amortization using the effective interest method or recognition of impairment.

ii.ii) Investments in debt instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in profit or loss in the current period.

ii.iii) Investments in equity instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

ii.iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses thereon, including interest and dividend income, are recognized in profit or loss in the current period, except the financial assets belonging to any hedging relationship.

(iii) Subsequent measurement of financial liabilities

iii.i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities), and financial liabilities directly designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated as at fair value through profit or loss arising out of changes in the Company's credit risk are recognized in other comprehensive income, unless such treatment will result in or increase any accounting mismatch in profit or loss. Other gains or losses on such financial liabilities, including interest expenses and changes in fair value not arising out of changes in the Company's credit risk, are recognized in profit or loss in the current period, except the financial liabilities belonging to any hedging relationship. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

iii.ii) Financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred

Such financial liabilities are measured in accordance with the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iii.iii) Financial guarantee contracts not falling under items iii.i) and iii.ii) above, and loan commitments not falling under item iii.i) above and below market interest rate

Such financial liabilities are subsequently measured at the higher of ① allowance for expected credit losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with Accounting Standards for Business Enterprises No. 14 – Revenue.

iii.iv) Financial liabilities at amortized cost

Such financial liabilities are measured at amortized cost using the effective interest method. Gains or losses on financial liabilities at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition or amortization using the effective interest method.

(iv) Derecognition of financial assets and financial liabilities

iv.i) Financial assets are derecognized when:

① the contractual right to receive cash flows from the financial assets has expired;

② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iv.ii) A financial liability (or part thereof) is derecognized when all or part of the present obligations thereon have been discharged.

c. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be). If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company shall not derecognize the financial asset. If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (i) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); and (ii) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (i) the carrying value of the financial asset transferred at the date of derecognition; and (ii) the sum of the consideration received from the transfer of the financial asset and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period. If part of a financial asset is transferred and the part transferred entirely meets the criteria for derecognition, the total carrying value of the financial asset immediately prior to the transfer is allocated between the part derecognized and the part not derecognized in proportion to their relative fair value at the date of transfer, and the difference between (i) the carrying value of the part derecognized and (ii) the sum of the consideration received from the transfer of the part derecognized and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period.

d. Determination of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of other information to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

(i) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;

(ii) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;

(iii) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligation incurred in business mergers, and financial forecasts made using own data.

e. Impairment of financial instruments

The Company carries out impairment treatment and determines impairment losses of financial assets at amortized cost, investments in debt instruments at fair value with changes accrued to other comprehensive income, contract assets, lease receivables, loan commitments other than financial liabilities at fair value with changes accrued to current profit or loss, and financial guarantee contracts other than financial liabilities at fair value with changes accrued to current profit or loss and other than financial liabilities arising as a result of the transfer of financial assets that does not meet the criteria for derecognition or that continues being involved in the financial assets transferred, on the basis of expected credit losses.

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the present value of the difference between all contractual cash flows receivable under the contract and estimated future cash flows discounted at the original effective interest rate, i.e., the present value of all cash shortage, wherein the Company's purchased or originated financial assets that have become credit impaired are discounted at their credit-adjusted effective interest rate.

With respect to purchased or originated financial assets that have become credit impaired, at the balance sheet date, the Company recognizes a loss allowance equal to the cumulative amount of changes in lifetime expected credit losses since initial recognition.

With respect to lease receivables, receivables and contract assets arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue, the Company applies the simplified approach and measures the loss allowance at an amount equal to lifetime expected credit losses.

With respect to financial assets not using the measurement methods stated above, at each balance sheet date, the Company assesses whether the credit risk has increased significantly since initial recognition, and recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition.

The Company uses reasonable and supportable information, including forward-looking information, and compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition.

At the balance sheet date, if the Company determines that a financial instrument has low credit risk, the Company assumes that its credit risk has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses of financial instruments individually or collectively. When assessing the portfolio of financial instruments, the Company includes the financial instruments in different groups according to their common risk characteristics.

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of loss allowance recognized in profit or loss in the current period as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying value recorded in the balance sheet is written off against the loss allowance. With respect to an investment in debt instruments at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income, without reducing its carrying value.

f. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are satisfied simultaneously, the Company presents the net amount after offsetting in the balance sheet: (i) the Company has a legally enforceable right to offset the recognized amounts, and such right is currently enforceable; and (ii) the Company intends to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not satisfy the conditions for derecognition, the Company does not offset the transferred financial assets and the related liabilities.

g. Criteria for recognition and methods for provision of expected credit losses on receivables and contract assets

(i) Receivables and contract assets for which expected credit losses are measured on a collective basis based on credit risk characteristics

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Bank acceptance bills receivable	Type of notes	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Commercial acceptance bills receivable		Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of notes receivable
Accounts receivable/ contract assets – intra-group related parties within the scope of consolidation	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Accounts receivable/ contract assets – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of accounts receivable

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Other receivables – interest receivable/dividends receivable/intra-group related parties within the scope of consolidation	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss within the next 12 months or lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Other receivables – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of other receivables

(ii) Comparison table of ageing portfolio and expected credit loss rates

Ageing	Expected credit loss rate for commercial acceptance bills receivable (%)	Expected credit loss rate for accounts receivable/ contract assets (%)	Expected credit loss rate for other receivables (%)
Within 1 year (inclusive, same below)	5.00	5.00	5.00
1–2 years	20.00	20.00	20.00
2–3 years	30.00	30.00	30.00
3–4 years	50.00	50.00	50.00
4–5 years	80.00	80.00	80.00
Over 5 years	100.00	100.00	100.00

The ageing of accounts receivable/contract assets/other receivables/commercial acceptance bills receivable is calculated from the month in which the amounts are actually incurred.

(iii) Criteria for determining receivables and contract assets for which expected credit losses are measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from the credit risk of the portfolio, the Company measures expected credit losses on an individual basis.

12. Notes receivable

13. Accounts receivable

14. Financing receivables

15. Other receivables

16. Contract assets

17. Inventories

a. Classification of inventories

Inventories comprise finished goods or merchandise held for sale in the ordinary course of business, work in progress, and materials and supplies consumed in the production process or in the process of rendering of services.

b. Pricing method for inventories issued

Inventories issued are measured using the weighted average method calculated at month-end.

c. Inventory systems for inventories

The perpetual inventory system is adopted.

d. Amortization of low-value consumables and packing materials

(i) Low-value consumables

The low-value consumables are amortized using direct write-off method.

(ii) Packaging materials

The packing materials are amortized using direct write-off method.

e. Provision for inventory write-down

Recognition criteria and methods for provision for inventory write-down

On the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held directly for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price of the finished goods produced less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; on the balance sheet date, when only part of the same item of inventories has agreed price while the other part does not, their net realizable value is determined separately and is compared with their respective costs to determine the provision for inventory write-down to be made or reversed.

18. Held-for-sale assets

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

a. Judgment criteria of joint control and significant influence

Joint control is the agreed sharing of control over an arrangement, and the decision in relation to the relevant activities of such arrangement may only be made upon the unanimous consent of the parties sharing control. Significant influence is the power of the investing enterprise to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies.

b. Determination of investment cost

(i) In case of an equity investment acquired through a business merger involving entities under common control, if the acquirer pays consideration for the business merger by cash, transfer of non-cash assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid for the merger or the total par value of the shares issued (as applicable) is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

In case of a long-term equity investment acquired through a business merger involving entities under common control and through multiple transactions by steps, the Company judges whether they constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the initial investment cost is the Company's post-merger share of the carrying value of the net assets of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment at the date of merger and the sum of the carrying value of long-term equity investment before the merger and the carrying value of the consideration paid for acquisition of the additional shares at the date of merger is adjusted against the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

(ii) In case of an equity investment acquired through a business merger not involving entities under common control, the initial investment cost is the fair value of the consideration paid for the merger at the date of acquisition.

With respect to a long-term equity investment acquired through a business merger not involving entities under common control that is achieved through multiple transactions by steps, the accounting treatment thereof in the separate financial statements is different from that in the consolidated financial statements as stated below:

ii.i) In the separate financial statements, the initial investment cost for which the Company charges to the cost method is the sum of the carrying value of the long-term equity investment originally held and the cost of additional investment.

ii.ii) In the consolidated financial statements, the Company judges whether the transactions constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the Company remeasures the equity at fair value of the equity held in the acquiree prior to the date of acquisition, and records the difference between the fair value and the carrying value as investment income in the current period; if the equity held in the acquiree prior to the date of acquisition involves other comprehensive income under equity method, such other comprehensive income is transferred to the income of the period in which the date of acquisition falls, except for other comprehensive income arising from re-measurement by the investee of changes in net liabilities or net assets of defined benefit plans.

(iii) In case of an equity investment not acquired through business merger, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or is determined in accordance with the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring if it is acquired through debt restructuring, or in accordance with the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets if it is acquired through exchange of non-monetary assets.

c. Subsequent measurement and recognition of profit or loss

Long-term equity investments in investees are measured using the cost method. Long-term equity investments in associates and joint ventures are measured using the equity method.

d. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

(i) Determination basis of "package deal"

For the disposal of equity investment in a subsidiary to loss of control in stages through various transactions, the Company determines whether the step transactions are "package deal" according to clauses of trade agreements of each step transaction, the disposal consideration acquired at each transaction, the object for disposal of the equity, the disposal method and the disposal time. If the clauses, conditions and economic influence of each transaction meet one or more of the following conditions, it usually represents the step transactions shall be "package deal":

i.i) The transactions are entered into at the same time or after considering the influence for each other;

i.ii) The transactions can achieve a complete business result only when they are entered into as a whole;

i.iii) The occurrence of one transaction depends on the occurrence of at least one of the other transactions;

i.iv) A transaction is not economically viable but it is economically viable when considering with other transactions.

(ii) Accounting treatment for transactions not constituting a "package deal"

ii.i) Separate financial statements

The difference between the carrying value of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss in the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investees, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investees, the remaining equity is accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

ii.ii) Consolidated financial statements

Prior to the loss of control, the difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or merger is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

When losing control over an original subsidiary, the remaining equity is remeasured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the share owned by the Company in the net assets of the subsidiary as calculated continuously from the date of acquisition or merger according to the previous shareholding ratio, is recognized in the investment income for the period in which the control is lost, and the goodwill is reduced accordingly. Other comprehensive income relating to the equity investment in the original subsidiary should be transferred to the investment income for the period in which the control is lost.

(iii) Accounting treatment for "package deal"

iii.i) Separate financial statements

The transactions as a whole are treated as one single transaction of disposal of a subsidiary and loss of control in accounting treatment. However, prior to the loss of control, the difference between each of the consideration of disposal and the carrying amount of the long-term equity investments corresponding to the disposed investment is recognised as other comprehensive income in separate financial statements and transferred to profit or loss for the period when the control is lost.

iii.ii) Consolidated financial statements

The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary, however, the difference between the proceeds from each disposal before loss of control and the share of the subsidiary's net assets in relation to the investment disposed of is recognized in other comprehensive income in individual financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

23. Investment properties

Measurement model for investment properties

Measurement by cost method

Depreciation or amortization method

a. Investment properties comprises land use rights that are leased out, land use rights held for the purpose of appreciation and subsequent transfer, and buildings that are leased out.

b. Investment properties are initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same methods as for fixed assets and intangible assets.

24. Fixed assets

(A) Criteria for recognition

Fixed assets are tangible assets held for production of goods, rendering of services, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

(B) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Buildings and structures	Straight-line method	20-50	5.00%	1.90%-4.75%
Vehicles	Straight-line method	5-10	5.00%	9.50%-19.00%
Other equipment	Straight-line method	3-10	5.00%	9.50%-31.67%

25. Construction in progress

a. Construction in progress is recognized when it is probable that economic benefits will flow to the Company and the cost can be measured reliably. Construction in progress is measured at the actual costs incurred up to the date when the asset is ready for its intended use.

b. When construction in progress reaches the intended use, it is transferred to fixed assets at the actual cost of the project. Where construction in progress has reached the state ready for its intended use but completion settlement have not been completed, it is transferred to fixed assets initially at estimated value and subsequently adjusted to actual cost upon completion of completion settlement, without adjustment to depreciation previously provided.

Category	Standards and timings for transferring construction in progress to fixed assets
Buildings and structures	Transfer to fixed assets after construction is completed and meeting the design requirements or standards for handover and delivery, i.e. the date on which the intended state of use is reached

26. Borrowing costs

(i) Recognition of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are expensed when incurred and included in profit or loss in the current period.

(ii) Period of capitalization of borrowing costs

ii.i) A borrowing cost is capitalized when all of the following conditions are satisfied: 1) the expenditures on the asset have already been incurred; 2) the borrowing cost has already been incurred; and 3) the acquisition, construction or production activities necessary to prepare the asset for its intended use or sale have already commenced.

ii.ii) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The borrowing costs incurred during these periods are recognized as an expense in the current period until the acquisition, construction or production activity is resumed.

ii.iii) When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

(iii) Rate and amount of capitalization of borrowing costs

If funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period (including amortized discount or premium determined using the effective interest method) less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. If funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of interest to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

27. Biological assets

28. Oil and gas assets

29. Intangible assets

(A) Useful life and the basis for its determination, estimates, amortization method or review procedures

a. Intangible assets, including land use rights, software and software licence fees, patent rights and franchise rights, are initially measured at cost.

b. Intangible assets with finite useful lives are amortized systematically and rationally over their useful lives in accordance with the expected pattern of economic benefits associated with the asset. Where the expected pattern of economic benefits cannot be reliably determined, the straight-line method is used. Details are as follows:

Item	Useful life and basis for determination	Amortization method
Land use rights	50 years, determined according to law and effective term specified in the contract	Straight-line method
Software and software licence fees	5–10 years, determined based on the estimated useful life or the effective term specified in the contract	Straight-line method
Patent rights	10 years, determined based on the estimated useful life	Straight-line method
Franchise rights	10 years, determined based on the effective term specified in the contract	Straight-line method

(B) Scope of capitalization of research and development expenditure and related accounting treatment methods

a. Personnel costs

Personnel costs include wages and salaries, basic endowment insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund of the Company's R&D personnel, as well as labor costs of external R&D personnel.

Where R&D personnel serve multiple R&D projects simultaneously, the recognition of personnel costs is based on the working hour records of R&D personnel for each R&D project provided by the Company's management department, and is allocated among different R&D projects on a pro-rata basis.

b. Direct input costs

Direct input costs refer to related expenditures actually incurred by the Company for implementing R&D activities, including: 1) costs of materials, fuel and power directly consumed; 2) costs of molds and process equipment development and manufacturing for pilot tests and trial production of products, purchase costs of samples, prototypes and general testing facilities that do not constitute fixed assets, and inspection costs of trial products; 3) costs of operation, maintenance, adjustment, inspection, testing and repair of instruments and equipment used for R&D activities.

c. Depreciation expenses and long-term prepaid expenses

Depreciation expenses refer to depreciation of instruments, equipment and buildings in use for R&D activities.

Where instruments, equipment and buildings in use for R&D activities are also used for non-R&D activities, necessary records are kept on the use of such instruments, equipment and buildings in use, and the actual depreciation incurred is allocated between R&D expenses and production and operating expenses using reasonable methods based on factors such as actual working hours and use area.

Long-term prepaid expenses refer to long-term prepaid expenses incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are capitalized based on actual expenditures and amortized evenly over a specified period.

d. Amortization of intangible assets

Amortization expenses for intangible assets refer to the amortization costs of software, intellectual property rights and non-patented technologies used in R&D activities.

e. Other costs

Other costs refer to other costs directly related to R&D activities other than the above costs.

(iii) Expenditure on the research phase of internal R&D projects is expensed as incurred. Expenditure on the development phase of internal R&D projects is recognized as an intangible asset when all of the following conditions are satisfied: (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (2) there is an intention to complete the intangible asset and use or sell it; (3) the manner in which the intangible asset will generate economic benefits can be demonstrated, including the ability to demonstrate that there is a market for the output to be produced using the intangible asset or for the intangible asset itself, or, where the intangible asset is to be used internally, its usefulness can be demonstrated; (4) adequate technical, financial and other resources are available to complete the development of the intangible asset and the ability exists to use or sell the intangible asset; and (5) expenditure attributable to the development phase of the intangible asset can be measured reliably.

(iv) Specific criteria for classifying expenditures on internal R&D projects into costs of research-phase or development-phase by the Company:

A planned investigative phase undertaken to acquire new technologies and knowledge, etc., shall be classified as the research phase; this phase is characterised by its planned and exploratory nature. The phase in which research findings or other knowledge are applied to a specific plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use, shall be classified as the development phase; this phase is characterised by its targeted nature and a high probability of yielding results. In line with the R&D processes of the software industry and the specific characteristics of the Company's own R&D activities, R&D projects enter the development stage following approval at the project initiation review; once a development project achieves its intended purpose, it is recognized as an intangible asset for accounting purposes.

30. Impairment of long-term assets

With respect to long-term assets such as long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life, if there is an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising from a business merger and an intangible asset with an indefinite useful life are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, goodwill is considered together with the related asset groups or sets of asset groups.

If the recoverable amount of the long-term asset above is lower than its carrying value, the difference is measured as provision for asset impairment and recognized in profit or loss for the current period.

31. Long-term prepaid expenses

Long-term prepaid expenses are expenses that have already been incurred but should be amortized over a period of more than one year (exclusive). Long-term prepaid expenses are stated as incurred and are amortized evenly by stages within the benefit period or specified period. If an item of long-term prepaid expenses will not benefit the subsequent periods, the amortized value of the item that has not yet been amortized is wholly transferred to profit or loss for the current period.

32. Contract liabilities

The Company presents as contract liabilities the obligations to transfer goods to customers for which consideration has been received or is receivable from customers.

33. Employee benefits

(A) Accounting treatment of short-term employee benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(B) Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

(i) The Company recognizes the contributions payable as calculated based on the defined contribution plan during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(ii) The accounting treatment of a defined benefit plan generally involves the following steps:

ii.i) According to the projected unit credit method, use the unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;

ii.ii) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit plan obligation by the fair value of the assets is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;

ii.iii) At the end of the reporting period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan, wherein the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss for the current period or the cost of related assets, and the changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be converted back to profit or loss in subsequent periods, but those recognized as other comprehensive income may be transferred within the scope of equity.

(C) Accounting treatment of termination benefits

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the termination benefits provided as a result of the labor relationship termination plan or layoff proposal; or (2) when the Company recognizes the costs or expenses related to the restructuring of the termination benefits payment.

(D) Accounting treatment of other long-term employee benefits

Other long-term employee benefits are accounted for in accordance with the provisions applicable to defined contribution plans if they are qualified as defined contribution plans, otherwise, are accounted for in accordance with the provisions applicable to defined benefit plans. In order to simplify the accounting treatment, the total net amount of the cost of employee benefits arising from the defined benefit plans that is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan and other components is included in profit or loss for the current period or the cost of related assets.

34. Estimated liabilities

a. An obligation arising from any external guarantee, litigation, product quality warranty, onerous contract or other contingencies is recognized as an estimated liability if it is a present obligation assumed by the Company, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

b. Estimated liabilities are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying value of provisions is reviewed at the balance sheet date.

35. Share-based payment

a. Types of share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

b. Accounting treatment related to the implementation, modification and termination of share-based payment plans

(i) Equity-settled share-based payment

For equity-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the equity instruments at the grant date is recognized in the relevant costs or expenses with a corresponding adjustment to capital reserve. For equity-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses at the fair value of the equity instruments at the grant date based on the best estimate of the number of equity instruments expected to vest, with a corresponding adjustment to capital reserve.

For equity-settled share-based payment transactions in exchange for services from parties other than employees, if the fair value of the services from other parties can be measured reliably, it is measured at the fair value of such services at the date the services are obtained; if the fair value of the services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, it is measured at the fair value of the equity instruments at the date the services are obtained and recognized in the relevant costs or expenses with a corresponding increase in equity.

(ii) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the liability assumed by the Company at the grant date is recognized in the relevant costs or expenses with a corresponding increase in liabilities. For cash-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses and corresponding liabilities at the fair value of the liability assumed by the Company based on the best estimate of the vesting conditions.

(iii) Modification or termination of share-based payment plans

If a modification increases the fair value of the equity instruments granted, the Company recognizes correspondingly the increase in services received based on the increase in the fair value of the equity instruments; if a modification increases the number of equity instruments granted, the Company recognizes correspondingly the fair value of the additional equity instruments as an increase in services received; if the Company modifies the vesting conditions in a manner that is beneficial to employees, the Company takes into account the modified vesting conditions when considering the vesting conditions.

If a modification decreases the fair value of the equity instruments granted, the Company continues to recognize the amount of services received based on the fair value of the equity instruments at the grant date without taking into account the decrease in fair value of the equity instruments; if a modification decreases the number of equity instruments granted, the Company treats the decrease as a cancellation of the equity instruments granted; if the vesting conditions are modified in a manner that is not beneficial to employees, the modified vesting conditions are not taken into account when considering the vesting conditions.

If the Company cancels or settles the equity instruments granted during the vesting period (other than those cancelled due to failure to satisfy vesting conditions), the cancellation or settlement is treated as an acceleration of vesting, and the amount that would otherwise have been recognized over the remainder of the vesting period is recognized immediately.

36. Other financial instruments such as preference shares and perpetual bonds

37. Revenue

Accounting policies adopted for the recognition and measurement of revenues by business type

a. Principles of revenue recognition

At the inception of the contract, the Company evaluates the contract, identifies each single performance obligation contained therein and determines whether each single performance obligation is performed over time or at a point in time.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined. For the obligation performed at a point in time, the revenue is recognized at the time point when the customer obtains the control of the related goods or services. When judging whether the customer has obtained the control of goods, the Company considers the following signs: (1) the Company has the current right to receive payment for such goods, that is, the customer has the current obligation to make payment for such goods; (2) the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods; (3) the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically; (4) the Company has transferred major risks and rewards of such goods to the customer, that is, the customer has obtained major risks and rewards of such goods; (5) the customer has accepted such goods; and (6) other signs that the customer has obtained control of such goods.

b. Principles of revenue measurement

(i) The Company measures revenue based on the transaction price allocated to each single performance obligation. The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer.

(ii) If there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, variable consideration is included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved.

(iii) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between that transaction price and the contract consideration is amortized over the period of the contract using the effective interest method.

(iv) If the contract has two or multiple performance obligations, the Company allocates the transaction price to each single performance obligation in the contract by reference to relative standalone selling prices of goods promised thereby.

c. Specific methods of revenue recognition

The Company's main products comprise software sales, system integration and technical services.

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the goods, and the Company has received payment or has established a right to receive payment, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the stage of completion of the service is determined based on the time elapsed during the service period, and revenue is recognized in accordance with the stage of completion.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Situations where different business models for similar operations involve different revenue recognition and measurement methods

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

38. Contract costs

Where the incremental costs incurred by the Company to secure a contract are expected to be recoverable, they are recognized as an asset representing the cost of acquiring the contract.

Costs incurred by the Company to fulfil a contract, which do not fall within the scope of relevant standards for inventories, fixed assets or intangible assets, and which simultaneously meet the following conditions, shall be recognized as an asset representing contract performance costs:

a. The costs are directly attributable to a current or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly borne by the customer, and other costs incurred solely for the purpose of that contract;

b. The cost increases the resources available to the Company for the fulfilment of its performance obligations;

c. The cost is expected to be recoverable.

The Company amortizes assets related to contract costs on the same basis as the revenue from the goods or services to which the asset relates, and recognizes the amortization in profit or loss for the period.

If the carrying amount of an asset related to contract costs exceeds the remaining consideration expected to be received from the transfer of the goods or services associated with that asset, less the estimated costs to be incurred, the Company recognizes an impairment loss on the excess amount. If factors underlying an impairment recognized in a prior period subsequently change, such that the remaining consideration expected to be received from the transfer of the goods or services associated with that asset less the estimated costs to be incurred exceeds the asset's carrying amount, the Company reverses the previously recognized impairment provision and recognizes it in profit or loss in the current period; however, the asset's carrying amount after the reversal shall not exceed the carrying amount that would have been determined as at the date of reversal had no impairment provision been recognized.

39. Government grants

a. Government grants are recognized if (1) the Company meets the conditions attached to the government grants; and (2) the Company will receive the government grants. If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value. If fair value is not reliably determinable, the item is measured at a nominal amount.

b. Determination and accounting treatment of government grants related to assets

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents, or in the absence of such express provision in the applicable government documents, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. The government grants related to assets are offset against the carrying value of the related assets or recognized as deferred income. Government grants related to assets recognized as deferred income are included in profit or loss over the useful life of the relevant assets on a reasonable and systematic basis. Government grants measured at nominal amount are directly recognized in profit or loss for the current period. In case of sale, transfer, retirement or damage of the relevant assets before the end of useful life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

c. Determination and accounting treatment of government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to both assets and income in which it is difficult to make a distinction between the portion related to assets and the portion related to income are wholly classified as government grants related to income. Government grants related to income as compensation for expenses or losses to be incurred in subsequent periods are recognized as deferred income and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss for the current period or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss for the current period or offset against the relevant costs.

d. Government grants related to day-to-day operations of the Company are recognized in other income or offset against the relevant costs and expenses depending on the nature of economic business. Government grants not related to day-to-day operations of the Company are recognized in non-operating revenue or expenses.

e. Accounting treatment of policy preferential loans and interest subsidies

(i) If the Ministry of Finance appropriates the interest subsidies to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(ii) If the Ministry of Finance directly appropriates the interest subsidies to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.

40. Deferred tax assets/deferred tax liabilities

a. The difference between the tax base of an asset or liability and its carrying value (or in case of an item not recognized as asset or liability whose tax base can be determined according to the applicable tax law, the difference between its tax base and carrying value), is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.

b. Deferred tax assets are recognized to the extent of the amount of taxable income that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in prior periods are recognized if there is conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.

c. At the balance sheet date, the carrying value of a deferred tax asset is reviewed. The Company reduces the carrying value of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.

d. Current and deferred tax of the Company is recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1) business merger; or (2) a transaction or event which is recognized directly in owner's equity.

e. The Company presents deferred tax assets and deferred tax liabilities on a net basis when all of the following conditions are met: (1) it has a legally enforceable right to set off current tax assets against current tax liabilities for the current period on a net basis; and (2) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

41. Leases

(A) Accounting treatment for leases as a lessee

a. The Company as the lessee

At the commencement date of the lease term, the Company recognizes a lease with a lease term not more than 12 months that includes no purchase option as short-term lease; and a lease at lower value when the individually leased asset is brand-new as low value asset lease. If the Company subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term lease and low-value asset lease, the Company recognizes the lease payments in the cost of related assets or profit or loss for the current period on a straight-line basis over the term of the relevant lease.

Except the above short-term leases and low-value asset leases subject to simplified treatment, the Company recognizes the right of use assets and lease liabilities on the lease at the commencement date of the lease period.

a.i) Right-of-use assets

The right of use asset is initially measured at cost, which includes: 1) the initially measured amount of the lease liability; 2) the lease payments made on or before the commencement date of the lease term less the amount related to lease incentives (if any); 3) the initial direct costs incurred by the lessee; 4) the costs that the lessee expects to incur in order to dismantle and remove the leased asset, restore the site where the leased asset locates, or restore the leased asset to the condition agreed upon in the lease terms.

The Company depreciates the right of use asset on a straight-line basis. If it reasonably ensures that ownership of the leased assets will be obtained at the expiry of the lease term, the Company will depreciate the leased assets over their remaining useful lives. If not, the Company will depreciate the leased asset over the shorter of the lease term or the remaining useful life of the leased asset.

a.ii) Lease liabilities

At the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the interest rate in the lease is determined as the discount rate. If the interest rate in the lease is unavailable, the Company's incremental borrowing rate is determined as the discount rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, with interest expenses recognized at the discount rate used to recognize the present value of the lease payments and charged to profit or loss for the current period over the term of the relevant lease. The variable lease payments not measured as the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, the expected amount payable for the guaranteed residual value, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will remeasure the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right of use asset accordingly. If the carrying amount of the right of use asset has been reduced to nil but the lease liability still needs to be further reduced, the remaining amount will be recognized in profit or loss for the current period.

(B) Accounting treatment for leases as a lessor

At the commencement date of the lease, the Company classifies leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset as finance leases; all other leases are classified as operating leases.

a. Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis over the term of the relevant lease, with initial direct costs incurred capitalized and apportioned on the same basis of recognizing rental income to include in profit or loss for the current period separately. Variable lease payments obtained by the Company relevant to operating leases that are not included in the lease receipts are recognized in profit or loss for the current period when they are actually incurred.

b. Finance leases

At the commencement date of the lease term, the Company recognizes the finance lease payments receivable in accordance with the net lease investment (sum of the unguaranteed balance and the lease payment not received on the commencement date of the lease period based on the present value discounted at the inherent interest rate of the lease), and derecognizes the finance lease assets. At each phase of the lease period, the Company calculates and recognizes the interest income at the inherent interest rate of the lease.

The amount of variable lease payments obtained by the Company that are not accrued to the measurement of net lease investment is accrued to the current profit or loss when actually incurred.

42. Other significant accounting policies and accounting estimates

Accounting treatment related to repurchase of the Company's shares

When the Company repurchases its own shares for reasons such as reducing registered capital or rewarding employees, the actual amount paid is treated as treasury shares, with concurrent filing records maintained. If the repurchased shares are cancelled, the difference between the total par value of the shares calculated based on the par value and number of shares cancelled and the actual amount paid for the repurchase is charged against capital reserve, and to the extent that capital reserve is insufficient, it is charged against retained earnings; if the repurchased shares are awarded to the Company's employees as equity-settled share-based payment, upon receipt of the consideration when employees exercise their rights to purchase the Company's shares, the cost of treasury shares delivered to employees and the cumulative amount of capital reserve (other capital reserve) during the vesting period are reversed, and capital reserve (share premium) is adjusted accordingly for the difference.

43. Changes in significant accounting policies and accounting estimates

(A) Changes in significant accounting policies

☐ Applicable ☑ Not applicable

(B) Changes in significant accounting estimates

☐ Applicable ☑ Not applicable

(C) Adjustments to items in the opening financial statements for the year of initial application of new accounting standards effective from 2024

☑ Applicable ☐ Not applicable

Description of adjustments

1. The Company has applied, with effect from 1 January 2024, the provisions of "Interpretation No. 17 of the Accounting Standards for Business Enterprises" issued by the Ministry of Finance, entitled "Classification of Current and Non-current Liabilities", "Disclosure of Supplier Financing Arrangements" and "Accounting Treatment of Sale and Leaseback Transactions". This change in accounting policy has no impact on the Company's financial statements.

2. The Company has applied the provisions of "Interpretation No. 18 of the Accounting Standards for Business Enterprises" issued by the Ministry of Finance, entitled "Accounting Treatment for Warranty-type Quality Assurance That Do Not Constitute Single Performance Obligation", with effect from 6 December 2024. This change in accounting policy has no impact on the Company's financial statements.

44. Others

VI. TAXATION

1. Major categories of taxes and tax rates

Tax type	Taxation basis	Tax rate
Value added tax	VAT payable is the output tax based on the sale of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Actually paid turnover tax	5%, 7%
Enterprise income tax	Taxable income	10%, 15%, 20%, 25%
Property tax	If it is levied on an ad valorem basis, the tax is calculated as 1.2% of the remaining value after deducting 30% of the original value of the property; if it is levied subject to rent, the tax is calculated as 12% of the rental income	1.2%, 12%
Education surcharge	Actually paid turnover tax	3%
Local education surcharge	Actually paid turnover tax	2%

Disclosure of taxpayers with different rates of enterprise income tax

Name of taxpayer	Income tax rate
The Company	10%
Hangzhou Weiqin Technology Co., Ltd. (hereinafter referred to as Hangzhou Weiqin), Hangzhou Huikang IoT Technology Co., Ltd. (hereinafter referred to as Huikang IoT), Hangzhou Zhuoteng Information Technology Co., Ltd. (hereinafter referred to as Zhuoteng Information), Hangzhou Huikang Hulian Technology Co., Ltd. (hereinafter referred to as Huikang Hulian), Lanzhou Yuanteng Software Technology Co., Ltd. (hereinafter referred to as Lanzhou Yuanteng), Tianjin Zhanhua Technology Development Co., Ltd. (hereinafter referred to as Zhanhua Technology), Zhejiang Yishan Smart Healthcare Research Co., Ltd. (hereinafter referred to as Zhejiang Yishan)	15%
Chuangye Software Nanjing Co., Ltd. (hereinafter referred to as Chuangye Nanjing), Xinjiang Chuangshi Information Technology Co., Ltd. (hereinafter referred to as Xinjiang Chuangshi), Shanghai Chuanghang Software Co., Ltd. (hereinafter referred to as Shanghai Chuanghang), Chongqing Chuangyikang Software Co., Ltd. (hereinafter referred to as Chongqing Chuangyikang), Tianjin Chuangjin Technology Co., Ltd. (hereinafter referred to as Tianjin Chuangjin), Zhongshan Hangchuang Technology Co., Ltd. (hereinafter referred to as Zhongshan Hangchuang), Hangzhou Minotech Co., Ltd. (hereinafter referred to as Minotech), Zigong Hangchuang Technology Co., Ltd. (hereinafter referred to as Zigong Hangchuang)	20%
Other taxpayers not listed above	25%

2. Tax incentives

a. Value added tax

(i) Pursuant to the "Notice on VAT Policies for Software Products" (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, the Company, Hangzhou Weiqin, Lanzhou Yuanteng and Zhanhua Technology are eligible for a tax incentive whereby the portion of the actual VAT burden on software product sales in excess of 3% is refunded immediately upon collection.

(ii) Pursuant to the provisions of the "Notice on the Full Roll-out of the Pilot Scheme for Replacing Business Tax with Value-Added Tax" (Cai Shui [2016] No. 36) issued by the Ministry of Finance and the State Administration of Taxation, the Company and Guangdong Zhongtuo Information Technology Co., Ltd. (hereinafter referred to as Zhongtuo Information) are exempt from value-added tax on income derived from technology transfer, technology development and related technical consultancy and technical services.

(iii) Pursuant to the provisions of the "Announcement by the Ministry of Finance and the State Taxation Administration on VAT Reduction and Exemption Policies for Small-Scale VAT Taxpayers" (Announcement No. 19 of 2023 by the Ministry of Finance and the State Administration of Taxation), VAT is exempted for small-scale VAT taxpayers with monthly sales below RMB100,000 (inclusive). For VAT small-scale taxpayers subject to a 3% tax rate, VAT shall be levied at a reduced rate of 1%. Hangzhou Zhuokang Property Management Co., Ltd. (subsidiary of Huikang IoT), Yinchuan Huikang Internet Hospital Co., Ltd. (subsidiary of Huikang Hulian) and Zhanhua Medical and Health (Tianjin) Technology Co., Ltd. (subsidiary of Zhanhua Technology) meet the criteria for recognition as small-scale taxpayers in the 2024 financial year and are eligible for the aforementioned preferential VAT policies in 2024.

b. Income tax

(i) The Company and its subsidiaries, Hangzhou Weiqin, Huikang IoT, Zhuoteng Information, Huikang Hulian, Lanzhou Yuanteng, Zhanhua Technology and Zhejiang Yishan are all high-tech enterprises and are entitled to the preferential reduced enterprise income tax rate of 15% in the current period in accordance with the law. Furthermore, pursuant to the Ministry of Finance and the State Administration of Taxation's "Notice on Income Tax Policies on Further Encouraging the Software Industry and Integrated Circuit Development Industry" (Cai Shui [2012] No. 27), the Company expects to be recognized as a key software enterprise within the national planning framework for 2024; consequently, it will provisionally calculate and pay enterprise income tax at a reduced rate of 10% for 2024.

(ii) Pursuant to the "Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Business Operators" by the Ministry of Finance and the State Taxation Administration (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023), from 1 January 2023 to 31 December 2027, small and micro-profit enterprises shall have their taxable income calculated at a reduced rate of 25% and shall pay enterprise income tax at a rate of 20%.The subsidiaries, Chuangye Nanjing, Xinjiang Chuangshi, Shanghai Chuanghang, Chongqing Chuangyikang, Tianjin Chuangjin, Zhongshan Hangchuang, Minotech and Zigong Hangchuang met the criteria for recognition as a small and low-profit enterprise in 2024 and benefited from the aforementioned preferential enterprise income tax policy in 2024.

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

3. Others

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	37,391.93	50,439.12
Bank deposits	635,266,927.48	447,023,492.96
Other cash at bank and on hand	383,590,246.23	647,312,708.65
Total	1,018,894,565.64	1,094,386,640.73

Other information:

Item	Closing balance	Opening balance
Large-denomination negotiable certificates of deposit	380,000,000.00	640,000,000.00
Margin for bank acceptance bills	1,875,690.47	3,740,438.41
Letter of guarantee deposit	952,102.31	136,991.75
Other security deposits	36,100.00	30,000.00
Other restricted funds	83,373.00	3,052,712.20
Balance in third-party payment platform accounts	642,980.45	352,566.29
Sub-total	383,590,246.23	647,312,708.65

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	12,078,867.24	20,042,378.08
Of which:		
Short-term wealth management products	12,078,867.24	20,042,378.08
Of which:		
Total	12,078,867.24	20,042,378.08

Other information:

3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

4. Notes receivable

(A) Presentation of notes receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	7,082,228.17	1,094,589.05
Total	7,082,228.17	1,094,589.05

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Percentage	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Notes receivable for which provision for bad debts allowance is made on a portfolio basis	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05
Of which:										
Commercial acceptance bills	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05
Total	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17	1,405,000.00	100.00%	310,410.95	22.09%	1,094,589.05

Provision for bad debts allowance on a portfolio basis: 1,748,407.83

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Commercial acceptance bills portfolio	8,830,636.00	1,748,407.83	19.80%
Total	8,830,636.00	1,748,407.83	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on notes receivable is calculated using the general model for expected credit losses:

☐ Applicable ☑ Not applicable

(C) Description of bad debt allowance made, recovered or reversed during the current period

Description of provision for bad debts allowance during the current period:

Unit: RMB

Category		Movements during the period				
	Opening balance	Provision	Recoveries or reversals	Write-off	Other	Closing balance
Provision for bad debts allowance on a portfolio basis	310,410.95	1,437,996.88				1,748,407.83
Total	310,410.95	1,437,996.88				1,748,407.83

Of which, the amount of bad debt allowance recovered or reversed during the current period is material:

☐ Applicable ☑ Not applicable

(D) Notes receivable pledged by the company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period

(E) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Commercial acceptance bills		50,000.00
Total		50,000.00

(F) Description of notes receivable actually written off during the period

Unit: RMB

Item	Amount written off

Description of significant write-off of notes receivable:

Unit: RMB

Name of entity	Nature of notes receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of the write-off of notes receivable:

5. Accounts receivable

(A) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	736,709,726.97	841,542,260.59
1-2 years	554,661,950.41	516,967,879.42
2-3 years	343,688,252.62	406,437,626.67
Over 3 years	512,650,813.55	279,186,483.25
3-4 years	303,392,874.18	146,117,066.66
4-5 years	97,645,410.72	70,361,014.21
Over 5 years	111,612,528.65	62,708,402.38
Total	2,147,710,743.55	2,044,134,249.93

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Accounts receivable for which provisions for bad debts allowance is made on an individual basis	22,591,909.92	1.05%	22,591,909.92	100.00%		19,990,462.62	0.98%	19,990,462.62	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	2,125,118,833.63	98.95%	574,639,125.09	27.04%	1,550,479,708.54	2,024,143,787.31	99.02%	444,469,352.70	21.96%	1,579,674,434.61
Of which:										
Total	2,147,710,743.55	100.00%	597,231,035.01	27.81%	1,550,479,708.54	2,044,134,249.93	100.00%	464,459,815.32	22.72%	1,579,674,434.61

Provision for bad debts allowance is made on an individual basis: 22,591,909.92

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is anticipated that the funds are likely to be uncollectible
Other miscellaneous customers	7,834,676.62	7,834,676.62	10,436,123.92	10,436,123.92	100.00%	These companies are facing operational difficulties, and it is anticipated that the funds are likely to be uncollectible
Total	19,990,462.62	19,990,462.62	22,591,909.92	22,591,909.92		

Provision for bad debts allowance is made on a portfolio basis: 574,639,125.09

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing portfolio	2,125,118,833.63	574,639,125.09	27.04%
Total	2,125,118,833.63	574,639,125.09	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐ Applicable ☑ Not applicable

(C) Description of bad debts allowance made, recovered or reversed during the current period

Description of provisions for bad debts allowance during the current period:

Unit: RMB

Category		Movements during the period				Closing balance
	Opening balance	Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance on an individual basis	19,990,462.62	9,313,136.19	155,100.00	5,557,124.65	-999,464.24	22,591,909.92
Provision for bad debts allowance on a portfolio basis	444,469,352.70	130,169,772.39				574,639,125.09
Total	464,459,815.32	139,482,908.58	155,100.00	5,557,124.65	-999,464.24	597,231,035.01

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

There were no significant recoveries or reversals of bad debt allowance during the current period.

(D) Description of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	5,557,124.65

Of which, description of significant write-off of accounts receivable:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of accounts receivable:

There were no significant write-off of accounts receivable during the current period.

(E) Top five closing balance of accounts receivable and contract assets by debtor at the end of the period

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	52,192,000.13		52,192,000.13	2.31%	23,664,691.05
2nd place	50,975,376.96	304,900.00	51,280,276.96	2.27%	23,787,643.57
3rd place	36,107,037.00	46,747.00	36,153,784.00	1.60%	9,497,216.20
4th place	28,095,637.21	3,614,564.38	31,710,201.59	1.40%	3,688,117.37
5th place	28,171,608.87		28,171,608.87	1.25%	12,509,697.13
Total	195,541,660.17	3,966,211.38	199,507,871.55	8.83%	73,147,365.32

6. Contract assets

(A) Description of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount
Retention money receivable	111,167,350.63	20,167,137.21	91,000,213.42	130,408,517.44	16,323,489.51	114,085,027.93
Total	111,167,350.63	20,167,137.21	91,000,213.42	130,408,517.44	16,323,489.51	114,085,027.93

(B) Significant changes in carrying amounts during the reporting period and the reasons therefor

Unit: RMB

Item	Amount of change	Reason for Change

(C) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	111,167,350.63	100.00%	20,167,137.21	18.14%	91,000,213.42	130,408,517.44	100.00%	16,323,489.51	12.52%	114,085,027.93
Of which:										
Total	111,167,350.63	100.00%	20,167,137.21	18.14%	91,000,213.42	130,408,517.44	100.00%	16,323,489.51	12.52%	114,085,027.93

Provision for bad debts allowance on a portfolio basis: 20,167,137.21

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing portfolio	111,167,350.63	20,167,137.21	18.14%
Total	111,167,350.63	20,167,137.21	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses

☐ Applicable ☑ Not applicable

(D) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Item	Provision for the current period	Recoveries or reversals for the period	Write-off/ write-down for the period	Reason
Provision for bad debts allowance on a portfolio basis	3,843,647.70			Provision by ageing portfolio
Total	3,843,647.70			–

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio of bad debts allowance and its reasonableness

Other information:

(E) Description of contract assets actually written off during the current period

Unit: RMB

Item	Amount written off

Of which details of significant contract assets written off

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of contract assets:

Other information:

7. Financing receivables

(A) Presentation of financing receivables by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	1,717,610.00	1,765,200.00
Total	1,717,610.00	1,765,200.00

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	1,717,610.00	100.00%			1,717,610.00	1,765,200.00	100.00%			1,765,200.00
Of which:										
Bank-acceptance bills	1,717,610.00	100.00%			1,717,610.00	1,765,200.00	100.00%			1,765,200.00
Total	1,717,610.00	100.00%			1,717,610.00	1,765,200.00	100.00%			1,765,200.00

Provision for bad debts allowance on a portfolio basis: 0

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024 in the current period				

Basis of classification by stage and provisioning ratio for bad debts allowance

Description of significant changes in the book balance of financing receivables subject to changes in loss provisions during the current period:

(C) Description of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movement for the period				
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	Closing balance

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(D) Financing receivables pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period

(E) Financing receivables endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	4,757,040.74	
Total	4,757,040.74	

(F) Financing receivables actually written off during the period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of financing receivables

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

There were no actual write-off of financing receivables during the current period.

(G) Movements (increase/decrease) and changes in fair value of financing receivables during the period

(H) Other information

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	35,023,095.83	41,966,970.52
Total	35,023,095.83	41,966,970.52

(A) Interest receivable

A.i) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

A.ii) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether an impairment has occurred and the basis for that determination

Other information:

A.iii) Disclosure by bad debt provisioning method

☐ Applicable ☑ Not applicable

A.iv) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

A.v) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Description of significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(B) Dividends receivable

B.i) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

B.ii) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Age	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

B.iii) Disclosure by bad debt provision method

☐ Applicable ☑ Not applicable

B.iv) Description of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

B.v) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant dividends receivable written off

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(C) Other receivables

C.i) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	61,445,801.20	64,939,442.82
Contingency fund	4,058,338.52	4,937,136.73
Others	4,401,315.11	4,305,943.51
Total	69,905,454.83	74,182,523.06

C.ii) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	16,656,901.50	24,341,615.87
1-2 years	12,773,464.95	5,578,176.31
2-3 years	4,568,371.17	12,510,383.63
Over 3 years	35,906,717.21	31,752,347.25
3-4 years	10,101,223.34	6,309,105.97
4-5 years	3,658,979.78	12,340,364.34
Over 5 years	22,146,514.09	13,102,876.94
Total	69,905,454.83	74,182,523.06

C.iii) Disclosure by bad debt provisioning method

☑ Applicable ☐ Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Provision for bad debts allowance on a portfolio basis	69,905,454.83	100.00%	34,882,359.00	49.90%	35,023,095.83	74,182,523.06	100.00%	32,215,552.54	43.43%	41,966,970.52
Of which:										
Total	69,905,454.83	100.00%	34,882,359.00	49.90%	35,023,095.83	74,182,523.06	100.00%	32,215,552.54	43.43%	41,966,970.52

Provision for bad debts allowance on a portfolio basis: 34,882,359.00

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing portfolio	69,905,454.83	34,882,359.00	49.90%
Total	69,905,454.83	34,882,359.00	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024	1,217,080.79	1,115,635.26	29,882,836.49	32,215,552.54
Balance as at 1 January 2024 in the period				
– Transfer to Stage 2	-638,673.25	638,673.25		
– Transfer to Stage 3		-913,674.23	913,674.23	
Provision for the period	600,836.97	1,730,058.71	1,346,516.98	3,677,412.66
Other movements	-346,399.43	-16,000.00	-648,206.77	-1,010,606.20
Balance as at 31 December 2024	832,845.08	2,554,692.99	31,494,820.93	34,882,359.00

Basis for classification by stage and provisioning ratio for bad debts allowance

The provision for bad debts allowance in Stage 1 is 5%, in Stage 2 is 20%, and in Stage 3 is 77.81%.

Movement in book balance with significant changes in loss allowance during the current period

☐ Applicable ☑ Not applicable

C.iv) Description of bad debt provisions made, recovered or reversed during the current period

Description of bad debt provisions made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts by portfolio	32,215,552.54	3,677,412.66			-1,010,606.20	34,882,359.00
Total	32,215,552.54	3,677,412.66			-1,010,606.20	34,882,359.00

Of which, significant amounts of bad debt provisions reversed or recovered during the period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

C.v) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Description of write-off of significant other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for Write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of the write-off of other receivables:

C.vi) Description of the top five closing balance of other receivables by debtor at the end of the period

Unit: RMB

Name of entity	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Fujian Medical University Union Hospital	Deposits and security money	7,367,787.75	Over 5 years	10.54%	7,367,787.75
Yancheng First People's Hospital	Deposits and security money	3,016,000.00	3–4 years	4.31%	1,508,000.00
A general hospital	Deposits and security money	2,500,000.00	Within 1 year	3.58%	125,000.00
Qinghai University Affiliated Hospital	Deposits and security money	2,173,950.00	Within 1 year: RMB2,140,250.00, 1–2 years: RMB33,700.00	3.11%	113,752.50
Hainan First Investment Holding Group Co., Ltd.	Others	2,100,000.00	Over 5 years	3.00%	2,100,000.00
Total		17,157,737.75		24.54%	11,214,540.25

C.vii) Reported under other receivables due to centralized cash management

Unit: RMB

Other information:

9. Prepayments

(A) Presentation of prepayments by age

Unit: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	7,894,222.10	70.50%	13,934,060.90	80.15%
1-2 years	1,334,004.08	11.91%	1,733,307.85	9.97%
2-3 years	557,913.58	4.98%	682,226.43	3.93%
Over 3 years	1,412,113.53	12.61%	1,034,765.74	5.95%
Total	11,198,253.29		17,384,360.92	

Description of significant prepayments that have been outstanding for more than one year and have not been settled in a timely manner:

At the end of the period, the Company had no significant prepayments aged over one year.

(B) Description of the top five closing balance of prepayments by recipient at the end of the period

The total of the top five prepayments by closing balance is RMB3,567,943.95, accounting for 31.86% of the total closing balance of prepayments.

Other information:

10. Inventories

Is the Company required to comply with the disclosure requirements for the real estate sector?

No

(A) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount
Inventory stock	176,843,972.02	2,869,700.65	173,974,271.37	156,945,798.39	3,054,790.99	153,891,007.40
Contract performance costs	200,121,296.61	27,487,710.88	172,633,585.73	133,615,538.13	4,271,669.63	129,343,868.50
Total	376,965,268.63	30,357,411.53	346,607,857.10	290,561,336.52	7,326,460.62	283,234,875.90

(B) Data resources recognized as inventory

Unit: RMB

Item	Purchased inventory of data resources	Data resources processed in-house	Inventory of data resources acquired by other means	Total

(C) Provision for inventory write-down or impairment allowance of contract performance costs

Unit: RMB

Item	Opening balance	Amount of increase for the period		Amount of decrease for the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Inventory stock	3,054,790.99	818,875.67		1,003,966.01		2,869,700.65
Contract performance costs	4,271,669.63	24,682,951.17		1,466,909.92		27,487,710.88
Total	7,326,460.62	25,501,826.84		2,470,875.93		30,357,411.53

Provision for inventory write-down by portfolio

Unit: RMB

Name of portfolio	At the end of period			At the beginning of period		
	Closing balance	Inventory write-down	Provisioning ratio for inventory write-down	Opening balance	Inventory write-down	Provisioning ratio for inventory write-down

Criteria of provision for inventory write-down by portfolio

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and a provision for decline in value of inventory is recognized for the difference between the cost of an individual item of inventory and its net realizable value. The net realizable value of inventory stock and contract performance costs is determined as the estimated selling price of the inventory less the estimated selling expenses and related taxes. Any decrease during the period represents the reversal of the previously recognized provision for decline in value of inventory in conjunction with the sale of inventory stock and contract performance costs.

(D) Description of the amount of capitalized borrowing costs included in the closing balance of inventories

(E) Description of the amount of contract performance costs amortized during the period

11. Held-for-sale assets

Unit: RMB

Item	Book balance at the end of period	Impairment allowance	Carrying amount at end of period	Fair value	Estimated disposal costs	Estimated time of disposal

Other information:

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance

(A) Debt investments due within one year

☐ Applicable ☑ Not applicable

(B) Other debt investments due within one year

☐ Applicable ☑ Not applicable

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input VAT to be offset	967,537.12	1,628,257.87
Prepaid enterprise income tax	872,098.77	244,409.18
Total	1,839,635.89	1,872,667.05

Other information:

14. Debt investments

(A) Description of debt investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Debt investments				1,286,058.00		1,286,058.00
Total				1,286,058.00		1,286,058.00

Movements in impairment allowance of debt investments during the period

Unit: RMB

Item	Opening balance	Increase in this period	Decrease for the period	Closing balance

(B) Significant debt investments at the end of the period

Unit: RMB

Debt item	Closing balance					Opening balance				
	Nominal Value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal Value	Coupon rate	Effective interest rate	Maturity date	Overdue principal

(C) Provision for impairment allowance

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024 in the current period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(D) Description of debt investments written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of debt investments

Description of write-off of debt investments:

Movement in book balance with significant changes in loss allowance during the current period

☐ Applicable ☑ Not applicable

Other information:

In 2016, the Company, acting as a limited partner, made a debt investment of RMB15,000,000.00 in Yiwu Qiantang Sports and Culture Investment Partnership (Limited Partnership), and agreed to recover the investment in instalments. As at 31 December 2024, the Company had recovered the full amount of the investment.

15. Other debt investments

(A) Description of other debt investments

Unit: RMB

Item	Opening balance	Accrued interest	Interest adjustment	Change in fair value for the period	Closing balance	Cost	Cumulative changes in fair value	Accumulated Impairment allowances recognized in other comprehensive income	Remarks

Movements in impairment allowance for other debt investments during the period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

(B) Other significant debt investments at the end of the period

Unit: RMB

Other debt items	Closing balance					Opening balance				
	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal

(C) Provision for impairment allowance

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024 in the current period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(D) Description of other debt investments actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of other debt investments

Movement in book balance with significant changes in loss allowance during the current period

☐ Applicable ☑ Not applicable

Other information:

16. Other investments in equity instruments

Unit: RMB

Item name	Closing balance	Opening balance	Gains recognized in other comprehensive income for the period	Loss recognized in other comprehensive income for the period	Cumulative gains recognized in other comprehensive income at the end of the period	Cumulative losses recognized in other comprehensive income at the end of the period	Dividend income recognized for the period	Reasons for designating the item as measured at fair value through other comprehensive income
Hangzhou Wutongshu Information Technology Co., Ltd.	3,345,117.58	3,345,147.53		29.95		1,654,882.42		This investment is a non-trading equity instrument investment
Hangzhou Zhongfu Investment Management Co., Ltd.						1,500,000.00		This investment is a non-trading equity instrument investment
Zhejiang Future Community Development and Operation Group Co., Ltd.	2,115,554.16	2,335,260.63		219,706.47		1,784,445.84		This investment is a non-trading equity instrument investment
Total	5,460,671.74	5,680,408.16		219,736.42		4,939,328.26		

Derecognition occurred during the period

Unit: RMB

Project name	Accumulated gains transferred to retained earnings	Accumulated losses transferred to retained earnings	Reason for derecognition

Sub-item disclosure of non-trading equity instrument investments in the current period

Unit: RMB

Name of project	Recognized dividend income	Accumulated gains	Accumulated loss	Amount transferred from other comprehensive income to retained earnings	Reason for designating as measured at fair value through other comprehensive income	Reasons for the transfer of other comprehensive income to retained earnings

Other information:

17. Long-term receivables

(A) Description of long-term receivables

Unit: RMB

Item	Closing balance			balance			Discount rate range
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount	

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Of which:										
Of which:										

Provision for bad debts allowance using the general model for expected credit losses

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024 in the period				

Basis for classification by stage and provisioning ratio for bad debts allowance

(C) Details of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	

Of which, significant amounts of bad debt allowance reversed or recovered during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(D) Description of long-term receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of long-term receivables:

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for Write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of the write-off of long-term receivables:

18. Long-term equity investments

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	15,547,603.18			10,088,016.82	-3,831,316.60	6,718,404.59					8,346,674.35	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	31,581,189.70			5,836,538.96	2,206,036.64						27,950,687.38	
Chengdu Miso Information Technology Co., Ltd.	213,984.41				403,510.41						617,494.82	
Odin Health Limited	13,044,678.81				1,104,009.03						14,148,687.84	
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd. (formerly known as Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.)												
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	30,194,579.91			2,034,900.00	810,110.14						28,969,790.05	
Hangzhou Meiqing Digital Technology Co., Ltd.	34,114,127.44				8,062.21						34,122,189.65	
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	44,284,499.38				-74,435.62						44,210,063.76	
Subtotal	168,980,662.83			17,959,455.78	625,976.21	6,718,404.59					158,365,587.85	
Total	168,980,662.83			17,959,455.78	625,976.21	6,718,404.59					158,365,587.85	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐ Applicable ☑ Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐ Applicable ☑ Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Hangzhou Anfeng Shangying Venture Capital Partnership (Limited Partnership)	12,220,812.95	11,838,630.33
Zhejiang Zheshang Industrial and Financial Investment Partnership (Limited Partnership)	49,636,633.47	85,948,487.68
Hefei Hongborunze Equity Investment Partnership (Limited Partnership)	54,803,531.64	19,048,130.00
Total	116,660,978.06	116,835,248.01

Other information:

20. Investment properties

(A) Investment properties measured at cost

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	4,669,984.15			4,669,984.15
2. Increase for the period	154,021,168.37	3,797,541.36		157,818,709.73
(1) Acquired externally				
(2) Transfer from inventory/fixed assets/ construction in progress	154,021,168.37			154,021,168.37
(3) Additions due to business merger				
(4) Transfer from intangible assets		3,797,541.36		3,797,541.36
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	158,691,152.52	3,797,541.36		162,488,693.88

Item	Buildings and structures	Land use rights	Construction in progress	Total
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	2,309,700.95			2,309,700.95
2. Increase for the period	29,078,210.63	841,788.12		29,919,998.75
(1) Provision or amortization	1,899,212.21	31,646.18		1,930,858.39
(2) Transfer from fixed assets	27,178,998.42			27,178,998.42
(3) Transfer from intangible assets		810,141.94		810,141.94
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	31,387,911.58	841,788.12		32,229,699.70
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	127,303,240.94	2,955,753.24		130,258,994.18
2. Carrying amount at the beginning of period	2,360,283.20			2,360,283.20

Recoverable amount is determined as fair value less costs of disposal

☐ Applicable ☑ Not applicable

The recoverable amount is determined as the present value of estimated future cash flows

☐ Applicable ☑ Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

(B) Investment properties measured at fair value

☐ Applicable ☑ Not applicable

(C) Conversion to investment properties and measured at fair value

Unit: RMB

Item	Accounting item prior to conversion	Amount	Reason for conversion	Approval procedure	Impact on profit or loss	Impact on other comprehensive income

(D) Investment properties for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

Pursuant to the 'Proposal on the External Leasing of Idle Properties' approved by the Company's 7th Meeting of the 8th Board of Directors and 6th Meeting of the 8th Supervisory Board in 2024, the Company transfers the use of the building and structure (Chuangye Zhihui Tower) located at No. 92 Yuedaxiang, Changhe Street, Binjiang District, Hangzhou, and the associated land use rights from own use to external leasing. Consequently, these assets have been reclassified from fixed assets and intangible assets to investment properties measured using the cost model.

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	495,252,732.28	303,467,328.02
Total	495,252,732.28	303,467,328.02

(A) Description of fixed assets

Unit: RMB

Item	Buildings and structures	Vehicles	Other equipment	Total
I. Original carrying amount:				
1. Opening balance	345,539,464.21	32,875,004.45	63,188,576.34	441,603,045.00
2. Increase for the period	298,804,263.92		45,458,075.09	344,262,339.01
(1) Purchases			11,618,886.78	11,618,886.78
(2) Transfer from construction in progress	298,804,263.92		33,839,188.31	332,643,452.23
(3) Additions due to business merger				
3. Decrease for the period	154,898,583.13	6,862,033.45	12,458,192.88	174,218,809.46
(1) Disposal or retirement		5,805,255.12	11,346,595.95	17,151,851.07
(2) Decrease due to business merger	877,414.76	1,056,778.33	1,111,596.93	3,045,790.02
(3) Transfer to investment properties	154,021,168.37			154,021,168.37
4. Closing balance	489,445,145.00	26,012,971.00	96,188,458.55	611,646,574.55
II. Accumulated depreciation				
1. Opening balance	77,118,821.67	20,418,898.66	40,597,996.65	138,135,716.98
2. Increase for the period	9,935,756.41	2,270,289.49	10,817,297.35	23,023,343.25
(1) Provision	9,935,756.41	2,270,289.49	10,817,297.35	23,023,343.25
3. Decrease for the period	27,691,531.46	5,694,358.24	11,379,328.26	44,765,217.96
(1) Disposal or retirement		4,782,972.81	10,719,544.05	15,502,516.86
(2) Decrease due to business merger	512,533.04	911,385.43	659,784.21	2,083,702.68
(3) Transfer to investment properties	27,178,998.42			27,178,998.42
4. Closing balance	59,363,046.62	16,994,829.91	40,035,965.74	116,393,842.27
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposal or retirement				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	430,082,098.38	9,018,141.09	56,152,492.81	495,252,732.28
2. Carrying amount at the beginning of period	268,420,642.54	12,456,105.79	22,590,579.69	303,467,328.02

(B) Description of fixed assets that are temporarily idle

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Impairment allowance	Carrying amount	Remarks

(C) Fixed assets leased out under operating leases

Unit: RMB

Item	Carrying amount at the end of period
Buildings and structures	9,919,066.85

(D) Fixed assets for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate
Smart Health Technology Product Industrialization Base Project	296,220,219.93	Relevant procedures are currently in progress
Apartments	374,928.70	Relevant procedures are currently in progress

Other information:

(E) Impairment testing of fixed assets

☐ Applicable ☑ Not applicable

(F) Clearance of fixed assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	1,590,322.82	285,815,550.28
Total	1,590,322.82	285,815,550.28

(A) Description of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Smart Health Technology Product Industrialization Base Project				285,815,550.28		285,815,550.28
Miscellaneous works	1,590,322.82		1,590,322.82			
Total	1,590,322.82		1,590,322.82	285,815,550.28		285,815,550.28

(B) Changes in significant construction-in-progress projects during the period

Unit: RMB

Name of item	Budgeted amount	Opening balance	Amount of increase for the period	Amount transferred to fixed assets during the period	Other amount of decrease for the period	Closing balance	Cumulative expenditure on the project as a percentage of the budget	Project progress	Cumulative amount of capitalized interest	Of which: Amount of interest capitalized for the period	Interest capitalization rate for the current period	Source of fund
Smart Health Technology Product Industrialization Base Project	34,879.00	285,815,550.28	46,131,876.81	331,947,427.09			95.17%	100.00%				Funds raised and others
Total	34,879.00	285,815,550.28	46,131,876.81	331,947,427.09								

(C) Provision for impairment allowance of construction in progress in the current period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for provision

Other information:

(D) Impairment testing of construction in progress

☐ Applicable ☑ Not applicable

(E) Construction materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

23. Bearer biological assets

(A) Bearer biological assets measured at cost

☐ Applicable ☑ Not applicable

(B) Impairment testing of bearer biological assets measured at cost

☐ Applicable ☑ Not applicable

(C) Bearer biological assets measured at fair value

☐ Applicable ☑ Not applicable

24. Oil and gas assets

☐ Applicable ☑ Not applicable

25. Right-of-use assets

(A) Description of right-of-use assets

Unit: RMB

Item	Buildings and structures	Total
I. Original carrying amount		
1. Opening balance	20,353,865.79	20,353,865.79
2. Increase for the period	6,471,710.88	6,471,710.88
(1) Leased in	6,471,710.88	6,471,710.88
3. Decrease for the period	8,723,022.16	8,723,022.16
(1) Surrender or expiry of lease	4,556,912.34	4,556,912.34
(2) Decrease due to business merger	4,166,109.82	4,166,109.82
4. Closing balance	18,102,554.51	18,102,554.51
II. Accumulated depreciation		
1. Opening balance	7,007,423.15	7,007,423.15
2. Increase for the period	6,060,345.81	6,060,345.81
(1) Provision	6,060,345.81	6,060,345.81
3. Decrease for the period	7,162,023.32	7,162,023.32
(1) Disposal		
(2) Surrender or expiry of lease	4,272,516.07	4,272,516.07
(3) Decrease due to business merger	2,889,507.25	2,889,507.25
4. Closing balance	5,905,745.64	5,905,745.64
III. Impairment allowance		
1. Opening balance		
2. Increase for the period		
(1) Provision		
3. Decrease for the period		
(1) Disposals		
4. Closing balance		
IV. Carrying amount		
1. Carrying amount at the end of period	12,196,808.87	12,196,808.87
2. Carrying amount at the beginning of period	13,346,442.64	13,346,442.64

(B) Impairment testing of right-of-use assets

☐ Applicable ☑ Not applicable

Other information:

26. Intangible assets

(A) Description of intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patented technology	Software and software license fee	Franchise rights	Total
I. Original carrying amount						
1. Opening balance	14,401,428.16	2,300,000.00		859,039,831.73	67,533,966.69	943,275,226.58
2. Increase for the period				162,571,165.41		162,571,165.41
(1) Purchases				18,141.60		18,141.60
(2) Internal R&D				162,553,023.81		162,553,023.81
(3) Additions due to business merger						
3. Decrease for the period	3,797,541.36			80,696.47		3,878,237.83
(1) Disposal						
(2) Decrease due to business merger				80,696.47		80,696.47
(3) Transfer to investment properties	3,797,541.36					3,797,541.36
4. Closing balance	10,603,886.80	2,300,000.00		1,021,530,300.67	67,533,966.69	1,101,968,154.16
II. Accumulated amortization						
1. Opening balance	1,472,763.27	1,100,000.00		217,213,606.41	27,576,369.93	247,362,739.61
2. Increase for the period	256,382.39	180,000.00		115,289,710.49	6,753,396.67	122,479,489.55
(1) Provision	256,382.39	180,000.00		115,289,710.49	6,753,396.67	122,479,489.55
3. Decrease for the period	810,141.94			50,403.91		860,545.85
(1) Disposal						
(2) Decrease due to business merger				50,403.91		50,403.91
(3) Transfer to investment properties	810,141.94					810,141.94
4. Closing balance	919,003.72	1,280,000.00		332,452,912.99	34,329,766.60	368,981,683.31

Item	Land use rights	Patent rights	Non-patented technology	Software and software license fee	Franchise rights	Total
III. Impairment allowance						
1. Opening balance						
2. Increase for the period						
(1) Provision						
3. Decrease for the period						
(1) Disposal						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of period	9,684,883.08	1,020,000.00		689,077,387.68	33,204,200.09	732,986,470.85
2. Carrying amount at the beginning of period	12,928,664.89	1,200,000.00		641,826,225.32	39,957,596.76	695,912,486.97

The intangible assets generated through the Company's internal R&D accounted for 71.03% of the balance of intangible assets at the end of the period.

(B) Data resources recognized as intangible assets

☐ Applicable ☑ Not applicable

(C) Description of land use rights for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

(D) Impairment testing of intangible assets

☐ Applicable ☑ Not applicable

27. Goodwill

(A) Original carrying amount of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Arising from business merger		Disposal		
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72					1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd.	19,965,281.29					19,965,281.29
Hangzhou Huikang IoT Technology Co., Ltd.	1,021,541,839.57					1,021,541,839.57
Hangzhou Zhuoteng Information Technology Co., Ltd.	15,989,472.27					15,989,472.27
Hangzhou Minotech Technology Co., Ltd.	34,652,019.35					34,652,019.35
Lanzhou Yuaneng Software Technology Co., Ltd.	17,218,286.25					17,218,286.25
Total	1,110,488,876.45					1,110,488,876.45

(B) Impairment allowance of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision		Disposal		
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72					1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd.		4,640,297.93				4,640,297.93
Hangzhou Huikang IoT Technology Co., Ltd.	123,967,685.20	91,003,420.15				214,971,105.35
Hangzhou Minotech Technology Co., Ltd.	17,548,541.93	5,455,806.75				23,004,348.68
Total	142,638,204.85	101,099,524.83				243,737,729.68

(C) Information regarding the asset group or portfolio of asset groups to which the goodwill relates

Name	Composition and basis of the asset group or portfolio	Operating segment to which it belongs and the basis	Consistency with previous years
Zhongtuo Information asset group	Composition of the asset group: Zhongtuo Information asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Huikang IoT asset Group	Composition of the asset group: Huikang IoT asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Zhuoteng Information asset group	Composition of the asset group: Zhuoteng Information asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Minotech asset group	Asset group composition: Minotech asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes
Lanzhou Yuanteng asset group	Composition of the asset group: Lanzhou Yuanteng asset group; Basis: capable of generating cash inflows independently.	Not applicable	Yes

Changes to the asset group or portfolio of asset groups

Name	Composition prior to the change	Composition after the change	Objective facts and basis for the change

Other information

(D) Specific method for determining the recoverable amount

The recoverable amount is determined as the net amount of fair value less costs of disposal

☐ Applicable ☑ Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Number of years in the forecast period	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining key parameters for the stable period
Zhongtuo Information	50,800,372.41	45,000,000.00	4,640,297.93	5 years	Compound growth rate of revenue: 8.63% Operating profit margin: 4.89% to 16.07% Revenue growth rates and profit margins for the forecast period are based on historical data and take into account of future development	Revenue growth rate: 0% Operating profit margin: 16.07% Forecast data and parameters for the stable period are based on projections using relevant data for 2029	Weighted pre-tax return of 11.35% is the discount rate
Huikang IoT	1,056,003,420.15	965,000,000.00	91,003,420.15	5 years	Compound growth rate of revenue: 7.74% Operating profit margin: 24.40% to 30.77% Revenue growth rates and profit margins for the forecast period are based on historical data and take into account of future development	Revenue growth rate: 0% Operating profit margin: 30.77% Forecasts and parameters for the stable period are based on projections using relevant data for 2029	Weighted pre-tax return of 11.79% is discount rate
Zhuoteng Information	54,888,337.81	64,000,000.00		5 years	Compound growth rate of revenue: 16.07% Operating profit margin: –25.53% to 35.88% Revenue growth rates and profit margins for the forecast period are based on historical data, and take into account of future development	Revenue growth rate: 0% Operating profit margin: 35.88% Forecasts and parameters for the stable period are based on projections using relevant data for 2029	Weighted pre-tax return of 10.85% is the discount rate
Minotech	78,697,660.29	68,000,000.00	5,455,806.75	5 years	Compound growth rate of revenue: 30.88% Operating margin: 20.04% to 42.29% Revenue growth rates and profit margins for the forecast period are based on historical data and take into account of future development	Revenue growth rate: 0% Operating profit margin: 42.29% Forecasts and parameters for the stable period are based on projections using relevant data for 2029	Weighted pre-tax return of 12.80% is the discount rate
Lanzhou Yuanteng	95,115,691.28	190,000,000.00		5 years	Compound growth rate of revenue: 4.63% Operating profit margin: 25.74% to 32.55% Revenue growth rates and profit margins for the forecast period are based on historical data and take into account of future development	Revenue growth rate: 0% Operating profit margin: 25.74% Forecasts and parameters for the stable period are based on projections using relevant data for 2029	Weighted pre-tax return of 12.93% is the discount rate
Total	1,335,505,481.94	1,332,000,000.00	101,099,524.83				

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(E) Fulfilment of results performance commitments and corresponding goodwill impairment

Performance commitments existed when goodwill was formed and the reporting period or the period immediately preceding the reporting period was within the performance commitment period

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Fulfilment of results performance commitments						Amount of goodwill impairment	
	Current period			Previous period				
	Committed results performance	Actual results performance	Attainment ratio	Committed results performance	Actual results performance	Attainment ratio	Current period	Previous period
Lanzhou Yuanteng	20,000,000.00	21,199,009.68	106.00%	16,000,000.00	16,999,240.29	106.25%		

Other information:

28. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Amount of increase for the period	Amortization for the period	Other amount of decrease	Closing balance
Leasehold improvements	2,905,772.22	501,732.37	2,005,462.63	1,047,674.88	354,367.08
Total	2,905,772.22	501,732.37	2,005,462.63	1,047,674.88	354,367.08

Other information:

29. Deferred tax assets/deferred tax liabilities

(A) Deferred tax assets which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment allowance of assets	649,125,062.05	66,289,976.59	488,127,440.40	49,544,916.79
Unrealized profits on intragroup transactions	1,379,189.21	137,918.92	2,045,074.15	204,507.42
Changes in fair value of other non-current financial assets			13,164,751.99	1,316,475.20
Share-based payment	2,391,952.50	239,195.25	21,984,351.43	2,198,435.14
Lease liabilities	11,588,454.28	1,198,949.51	12,550,946.65	1,227,672.75
Estimated liabilities	210,000.00	21,000.00		
Total	664,694,658.04	67,887,040.27	537,872,564.62	54,492,007.30

(B) Deferred tax liabilities which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Other comprehensive income			70,181.20	7,018.12
Changes in fair value of financial assets held for trading	28,867.24	4,330.09	42,378.08	6,356.71
Changes in fair value of other non-current financial assets	5,983,372.61	598,337.26		
Right-of-use assets	12,196,808.87	1,268,735.25	13,229,382.64	1,302,095.10
Total	18,209,048.72	1,871,402.60	13,341,941.92	1,315,469.93

(C) Presentation of deferred tax assets or liabilities on a netting basis

Unit: RMB

Item	Offsetting amount of deferred tax assets and liabilities at the end of period	Closing balance of deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities at the beginning of period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	1,871,402.60	66,015,637.67	1,314,242.39	53,177,764.91
Deferred tax liabilities	1,871,402.60		1,314,242.39	1,227.54

(D) Description of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Impairment allowance of assets	278,999,018.21	175,146,493.39
Total	278,999,018.21	175,146,493.39

(E) Deductible losses, for which no deferred tax assets are recognized, will expire in the following year

Unit: RMB

Year	Closing balance	Opening balance	Remarks

Other information:

30. Other non-current assets

Unit: RMB

	Closing balance			Opening balance		
Item	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

31. Assets subject to restrictions on ownership or use

Unit: RMB

Item	End of period				Beginning of period			
	Book balance	Carrying amount	Type of restriction	Restriction status	Book balance	Carrying amount	Type of restriction	Restriction status
Cash at bank and on hand	2,947,265.78	2,947,265.78	Pledged and frozen	Pledged funds of RMB2,863,892.78 represents other cash at bank and on hand, including margin for bank acceptance bills of RMB1,875,690.47, letter of guarantee deposit of RMB952,102.31, and other security deposits of RMB36,100.00; Frozen funds of RMB83,373.00 are funds frozen in connection with litigation.	6,960,142.36	6,960,142.36	Pledged and frozen	RMB3,907,430.16 represents other cash at bank and on hand, including margin for bank acceptance bills of RMB3,740,438.41, letter of guarantee deposit of RMB136,991.75 and other security deposits of RMB30,000.00. RMB3,052,712.20 represents funds in bank accounts held for collection only.
Notes receivable	50,000.00	35,000.00	Frozen	All relate to discount financing of commercial acceptance bills that have not been derecognized				
Accounts receivable	1,590,000.00	1,510,500.00	Factoring	All accounts receivable factoring is on a recourse basis				
Total	4,587,265.78	4,492,765.78			6,960,142.36	6,960,142.36		

Other information:

32. Short-term borrowings

(A) Classification of Short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	49,776,875.00	
Guaranteed and secured borrowings		7,300,000.00
Interest on short-term borrowings	62,211.81	7,401.39
Total	49,839,086.81	7,307,401.39

Description of the classification of short-term borrowings:

Pledged loans comprise letter of credit forfaiting of RMB49,726,875.00 and commercial acceptance bill discounting of RMB50,000.00 that has not yet been derecognized.

(B) Description of overdue and outstanding short-term borrowings

The total amount of overdue and outstanding short-term borrowings at the end of the period was RMB: Nil, of which significant overdue and outstanding short-term borrowings are as follows:

Unit: RMB

Borrowing entity	Closing balance	Interest rate	Overdue period	Overdue interest rate

Other information:

33. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	5,100,000.00	10,200,000.00
Of which:		
Contingent consideration for the acquisition of equity in a subsidiary	5,100,000.00	10,200,000.00
Of which:		
Total	5,100,000.00	10,200,000.00

Other information:

Pursuant to the 'Investment Agreement Regarding Lanzhou Yuanteng Software Technology Co., Ltd." signed between the Company and Zhu Shehui, Yang Shuzhen, Lanzhou Juyuan Zhongteng Enterprise Management Partnership (Limited Partnership) and Lanzhou Yuanteng in April 2023, the Company acquired a total of 51.00% of the equity in Lanzhou Yuanteng held by the aforementioned shareholders for a consideration of RMB51 million. Following the equity transfer, the Company holds 51.00% of the equity in Lanzhou Yuanteng. Pursuant to the Investment Agreement, the total investment amount of RMB51 million is to be paid in four instalments, of which: the first instalment of RMB40.8 million, and the second, third and fourth instalments of RMB5.1 million, RMB2.55 million and RMB2.55 million respectively, shall be paid according to the operating performance of Lanzhou Yuanteng in 2023, 2024 and 2025. As of December 31, 2024, the conditions for payment of the remaining consideration for the equity transfer totaling RMB5.1 million for the third and fourth installments have not been met. Given the significant uncertainty regarding the actual amount to be paid upon maturity under the agreement, these amounts are classified as financial liabilities at fair value through profit or loss and are reported under financial liabilities held for trading.

34. Derivative financial liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

35. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance bills	38,725,454.64	34,577,181.10
Total	38,725,454.64	34,577,181.10

The total amount of notes payable that have fallen due but remain unpaid at the end of the period is RMB0.00.

36. Accounts payable

(A) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment of goods	629,791,932.07	562,687,730.78
Construction payments	42,625,615.82	21,907,457.37
Software licence fee		50,000,000.00
Others	4,168,007.93	7,098,325.98
Total	676,585,555.82	641,693,514.13

(B) Significant accounts payable aged over one year or past due

Unit: RMB

Item	Closing balance	Reason for non-repayment or carry forward

Other information:

37. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	25,401,879.37	37,246,917.96
Total	25,401,879.37	37,246,917.96

(A) Interest payable

Unit: RMB

Item	Closing balance	Opening balance

Significant interest which is overdue but remains unsettled:

Unit: RMB

Borrowing entity	Overdue amount	Reason for overdue

Other information:

(B) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance

(C) Other payables

C.i) Presentation of other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Deposits and security money	7,476,924.36	4,828,264.97
Reimbursements payable	11,928,866.02	14,940,936.86
Temporary advances		2,532,250.00
Equity payment payable		3,266,300.00
Others	5,996,088.99	11,679,166.13
Total	25,401,879.37	37,246,917.96

C.ii) Significant other payables aged over one year or past due

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Other information:

38. Receipts in advance

(A) Presentation of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Lease payment of properties	84,501.44	75,334.83
Total	84,501.44	75,334.83

(B) Significant receipts in advance aged over one year or past due

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Unit: RMB

Item	Amount of change	Reason for change

39. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	136,637,645.86	157,596,511.61
Total	136,637,645.86	157,596,511.61

Significant contract liabilities aged over one year

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Amount and reason for significant changes in carrying amount during the reporting period

Unit: RMB

Item	Amount of change	Reason for change

40. Employee benefits payable

(A) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term benefits	53,727,745.58	669,246,093.39	673,362,241.28	49,611,597.69
II. Post-employment benefits – defined contribution plan	3,067,876.50	50,737,877.42	51,104,789.57	2,700,964.35
III. Severance benefits		5,893,948.15	5,893,948.15	
Total	56,795,622.08	725,877,918.96	730,360,979.00	52,312,562.04

(B) Presentation of short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	51,620,458.34	573,810,222.25	577,973,173.20	47,457,507.39
2. Employee welfare expenses		32,195,080.32	32,195,080.32	
3. Social insurance contributions	1,673,882.80	28,715,006.50	28,652,748.29	1,736,141.01
Of which: medical insurance	1,626,127.63	27,349,397.80	27,287,789.77	1,687,735.66
Work-related injuries insurance	44,343.13	907,925.76	912,518.72	39,750.17
Maternity insurance	3,412.04	457,682.94	452,439.80	8,655.18
4. Housing provident fund	108,511.40	33,253,084.71	33,289,847.71	71,748.40
5. Trade union fees and employee education expenses	324,893.04	1,272,699.61	1,251,391.76	346,200.89
Total	53,727,745.58	669,246,093.39	673,362,241.28	49,611,597.69

(C) Presentation of the defined contribution plan

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	2,962,434.09	48,952,417.60	49,303,837.26	2,611,014.43
2. Unemployment insurance fee	105,442.41	1,785,459.82	1,800,952.31	89,949.92
Total	3,067,876.50	50,737,877.42	51,104,789.57	2,700,964.35

Other information:

41. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	140,578,755.93	114,196,802.97
Enterprise income tax	11,076,782.49	10,909,375.99
Personal income tax	2,515,671.86	2,201,607.06
Urban maintenance and construction tax	13,243,899.30	11,584,560.56
Education surcharge	5,807,307.01	4,620,012.29
Local education surcharge	3,070,877.03	3,068,997.33
Property tax	1,730,388.59	1,090,637.23
Land use tax	236,344.67	236,240.68
Stamp duty	230,987.33	221,045.15
Others	1,345.79	3,864.20
Total	178,492,360.00	148,133,143.46

Other information:

42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	4,865,733.44	3,708,213.42
Total	4,865,733.44	3,708,213.42

Other information:

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax to be transferred	12,480,612.18	15,440,792.10
China Construction Bank's Jianxin Rongtong factoring	1,590,000.00	
Total	14,070,612.18	15,440,792.10

Changes (increase/decrease) in short-term bonds payable:

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period		Closing balance	Whether there is default
Total													

Other information:

45. Long-term borrowings

(A) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance

Description of the classification of long-term borrowings:

Other information, including the range of interest rate:

46. Bonds payable

(A) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance

(A) Changes (increase/decrease) in bonds payable (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period		Closing balance	Whether there is default
Total	-												-

(C) Description of convertible corporate bonds

(D) Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of period		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Description of the basis for classifying other financial instruments as financial liabilities

Other information:

47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	7,480,223.05	9,879,070.73
Less: Unrecognized finance costs	-757,502.21	-1,036,337.50
Total	6,722,720.84	8,842,733.23

Other information:

48. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance

(A) Presentation of long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance

Other information:

(B) Special-purpose payables

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation

Other information:

49. Long-term employee benefits payable

(A) A table showing long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance

(B) Movements in defined benefit plans

Present value of defined benefit plan obligations:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Plan assets:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Net liability (net asset) of defined benefit plans

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of the defined benefit plan, associated risks, and the impact on the Company's future cash flows, timing and uncertainty:

Description of the key actuarial assumptions and sensitivity analysis results for the defined benefit plan:

Other information:

50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason for formation
Pending litigation	210,000.00		Compensation awarded in litigation
Total	210,000.00		

Other information, including significant assumptions and estimates relating to significant estimated liabilities:

51. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation
Government grants	4,848,585.48	852,000.00	76,416.36	5,624,169.12	Grants from the government free of charge
Total	4,848,585.48	852,000.00	76,416.36	5,624,169.12	

Other information:

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

53. Share capital

Unit: RMB

	Opening balance	Changes (+/-) during the period					Closing balance
		Issue of new shares	Bonus shares	Conversion of capital reserve into shares	Others	Subtotal	
Total number of shares	1,549,124,692.00						1,549,124,692.00

Other information:

54. Other equity instruments

(A) Basic information on other financial instruments, such as preference shares and perpetual bonds, outstanding at the end of the period

(B) A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Opening balance		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Changes in other equity instruments during the period, reasons for such changes, and the basis for the relevant accounting treatment:

Other information:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (share premium)	1,499,245,533.60			1,499,245,533.60
Other capital reserve	53,542,926.18		4,266,290.59	49,276,635.59
Total	1,552,788,459.78		4,266,290.59	1,548,522,169.19

Other information, including changes during the period and explanations of the reasons for such changes:

Other capital reserve decreased by RMB4,266,290.59 during the period, attributable to a reduction in share-based payment expenses; please refer to Note XII to these financial statements for further details.

56. Treasury shares

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Shares repurchased	31,000,786.19			31,000,786.19
Total	31,000,786.19			31,000,786.19

Other information, including changes during the current period and reasons for such changes:

The share repurchase was carried out in accordance with the resolutions passed at the 20th meeting of the 7th Board of Directors in 2022 and the 3rd Extraordinary General Meeting of Shareholders in 2022, whereby the Company repurchased its own shares using its own funds through centralised competitive bidding. The Company has actually repurchased 4,698,200 shares, representing 0.3033% of the Company's total share capital, and paid a total repurchase consideration of RMB31,000,786.19.

57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in the period						Closing balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be subsequently to profit or loss	-4,649,410.64	6,498,668.17				6,498,668.17		1,849,257.53
Other comprehensive income that cannot be reclassified to profit or loss under the equity method	70,181.20	6,718,404.59				6,718,404.59		6,788,585.79
Change in fair value of other investments in equity instruments	-4,719,591.84	-219,736.42				-219,736.42		-4,939,328.26
Total other comprehensive income	-4,649,410.64	6,498,668.17				6,498,668.17		1,849,257.53

Other information, including adjustment of the effective part of the cash flow hedge gains and losses transferred to initially recognized amount of hedged items:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

Other information, including details of increase and decrease for the period and reasons for such changes:

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	137,526,898.70			137,526,898.70
Total	137,526,898.70			137,526,898.70

Description of surplus reserve, including details of increase and decrease for the period and reasons for such changes:

60. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Adjusted opening balance of undistributed profit	1,402,190,565.46	1,380,917,494.99
Add: Net profit attributable to owners of the parent company for the current period	-173,520,591.61	36,688,499.59
Dividends payable on ordinary shares	15,444,264.92	15,468,480.24
Transfer of other comprehensive income to retained earnings		-53,051.12
Closing balance of undistributed profit	1,213,225,708.93	1,402,190,565.46

Details of adjustments to the opening balance of undistributed profits:

i) Effect on the opening balance of undistributed profits due to retrospective adjustment pursuant to the Accounting Standards for Business Enterprises and related new provisions: Nil.

ii) Effect on the opening balance of undistributed profits due to changes in accounting policies: Nil.

iii) Effect on the opening balance of undistributed profits due to the correction of material accounting errors: Nil.

iv) Effect on the opening balance of undistributed profits due to changes in the scope of consolidation resulting from business merger involving entities under common control: Nil.

v) Effect on the opening balance of undistributed profits due to other adjustments: Nil.

61. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	1,417,489,556.17	776,013,972.85	1,612,982,175.33	856,124,366.78
Other operations	5,155,606.91	3,882,577.88	2,890,994.93	685,006.83
Total	1,422,645,163.08	779,896,550.73	1,615,873,170.26	856,809,373.61

Is the lower of the audited net profit before and after deduction of non-recurring gain or loss negative

☑ Yes ☐ No

Unit: RMB

Item	Current year	Details of deductions	Previous year	Details of deductions
Amount of operating revenue	1,422,645,163.08	–	1,615,873,170.26	–
Total amount of deductions from operating revenue	5,155,606.91	–	2,890,994.93	–
Total amount of deductions from operating revenue as a percentage of operating revenue	0.36%		0.18%	
I. Income from non-core operations				
1. Income from business activities other than normal operations. This includes income generated from the leasing of fixed assets, intangible assets and packaging materials; sale of materials; exchange of materials for non-monetary assets; and the operation of entrusted management services; as well as income that, although included in revenue from core operations, is not part of the listed company's normal operations.	5,155,606.91	Leasing of fixed assets, provision of promotional services, etc.	2,890,994.93	Leasing of fixed assets, provision of promotional services, etc.
Subtotal of revenue from non-core operations	5,155,606.91	–	2,890,994.93	–
II. Revenue lacking commercial substance				
Subtotal of revenue lacking commercial substance	0.00	–	0.00	–
Amount of operating revenue after deductions	1,417,489,556.17	–	1,612,982,175.33	–

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which:						
Software sales	562,616,325.46	271,122,460.61			562,616,325.46	271,122,460.61
Technical services	567,075,211.24	255,621,217.17			567,075,211.24	255,621,217.17
System integration	152,811,564.87	134,014,506.85			152,811,564.87	134,014,506.85
Others	140,142,061.51	119,138,366.10			140,142,061.51	119,138,366.10
By operating region						
Of which:						
Eastern China	653,592,415.39	318,366,974.94			653,592,415.39	318,366,974.94
Southern China	170,896,532.48	122,562,445.78			170,896,532.48	122,562,445.78
Northern China	153,833,842.72	87,020,047.78			153,833,842.72	87,020,047.78
Central China	159,921,837.43	75,078,509.24			159,921,837.43	75,078,509.24
Northwest Region	156,718,489.21	93,440,567.89			156,718,489.21	93,440,567.89
Other regions	127,682,045.85	83,428,005.10			127,682,045.85	83,428,005.10
Market or customer type						
Of which:						
Contract type						
Of which:						
Classified by the time of transfer of goods						
Of which:						
Classified by contract duration						
Of which:						
Classified by sales channel						
Of which:						
Total						

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration services and intelligent network cabling engineering integration services. Computer information equipment system integration services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue amount corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed at the end of the reporting period was RMB1,544,034,171.37.

Information regarding variable consideration in contracts:

Significant contract modifications or significant adjustments to the transaction price

Unit: RMB

Item	Accounting treatment method	Amount of impact on revenue

Other information:

62. Taxes and surcharges

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	5,203,211.92	5,194,272.29
Education surcharge	2,235,143.44	2,232,219.51
Local education surcharge	1,492,222.16	1,488,146.36
Other taxes and surcharges	4,286,599.03	3,217,079.72
Total	13,217,176.55	12,131,717.88

Other information:

63. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	123,362,992.08	126,325,734.96
Office expenses	20,375,755.34	21,118,061.22
Transportation and travel expenses	12,080,154.71	14,056,059.42
Business entertainment expenses	4,595,459.73	6,465,839.99
Depreciation	19,379,811.34	14,605,729.10
Amortization	12,378,190.40	11,299,493.31
Service fee	9,760,558.50	10,416,374.48
Others	7,212,841.73	3,315,962.10
Total	209,145,763.83	207,603,254.58

Other information:

64. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	56,880,386.49	64,070,799.63
Business entertainment expenses	12,145,769.83	15,378,330.06
Transportation and travel expenses	10,217,396.03	10,613,882.45
Consultancy fees	23,798,013.80	21,856,367.75
Office expenses	6,628,757.66	6,762,899.27
Advertising and business promotion expenses	3,442,158.61	2,715,586.09
Depreciation	2,116,602.67	1,808,989.82
Others	5,472,483.57	6,110,851.45
Total	120,701,568.66	129,317,706.52

Other information:

65. Research and development expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	137,985,961.52	146,252,608.86
Depreciation and amortization	119,166,803.03	85,740,598.54
Others	12,128,445.21	15,477,878.09
Total	269,281,209.76	247,471,085.49

Other information:

66. Finance costs

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	1,239,176.75	1,153,959.67
Less: Interest income	44,202,804.23	12,471,518.32
Other	213,391.06	564,002.88
Total	-42,750,236.42	-10,753,555.77

Other information:

67. Other income

Unit: RMB

Sources of other income	Amount incurred in the current period	Amount incurred in the previous period
Government grants relating to assets	76,416.36	55,916.36
Government grants relating to income	21,600,380.31	35,722,784.37
Of which: VAT refund upon collection	17,860,546.81	29,514,691.78
Refund of service fees of withholding individual income tax	109,734.55	389,466.12
VAT additional deduction		344,778.86
VAT reduction for small-scale taxpayers	7,037.72	
Total	21,793,568.94	36,512,945.71

68. Gains from net exposure hedging

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Other information:

69. Gains from changes in fair value

Unit: RMB

Source of gains from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Financial assets held for trading	19,178,596.03	-12,873,066.50
Total	19,178,596.03	-12,873,066.50

Other information:

70. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	383,408.88	4,704,876.50
Investment income from disposal of long-term equity investments	-3,743,183.25	
Investment income from disposal of financial assets held for trading	448,820.05	509,206.68
Gains or losses arising from re-measurement at fair value of equity interests held prior to the acquisition date		5,374,480.47
Dividend income from other non-current financial assets during the holding period	661,651.61	4,311,951.33
Loss on discounting financing receivables		-833,680.57
Total	-2,249,302.71	14,066,834.41

Other information:

For details of gains from long-term equity investments accounted for using the equity method, please refer to Note VII(V)2 to these financial statements.

71. Credit impairment losses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss on notes receivable	-1,437,996.88	-291,910.95
Bad debt losses on accounts receivable	-139,327,808.58	-125,512,459.40
Bad debt losses on other receivables	-3,677,412.66	-3,118,372.39
Total	-144,443,218.12	-128,922,742.74

Other information:

72. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Loss on inventory write-down and impairment loss on costs to fulfill a contract	-25,501,826.84	-5,413,417.31
X. Impairment losses on goodwill	-101,099,524.83	-31,937,770.88
XI. Impairment losses on contract assets	-3,843,647.70	-2,564,470.83
Total	-130,444,999.37	-39,915,659.02

Other information:

73. Gains from disposal of assets

Unit: RMB

Source of gains from disposal of assets	Amount incurred in the current period	Amount incurred in the previous period
Gains from disposal of fixed assets	8,443.32	1,534,648.04
Gains from disposal of right-of-use assets	12,719.38	28,697.91
Total	21,162.70	1,563,345.95

74. Non-operating revenue

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Failed payment	3,620,836.02	473,562.98	3,620,836.02
The amount by which the cost of the investment in the subsidiary is less than the share of the fair value of the identifiable net assets acquired		2,777,462.34	
Others	178,752.32	2.70	178,752.32
Total	3,799,588.34	3,251,028.02	3,799,588.34

Other information:

75. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring gains and losses in the current period
Donations to external parties	1,049,592.40	1,456,968.53	1,049,592.40
Losses on damage and scrapping of non-current assets	716,616.01	137,222.27	716,616.01
Others	560,703.34	13,838.98	560,703.34
Total	2,326,911.75	1,608,029.78	2,326,911.75

Other information:

76. Income tax expenses

(A) Table of income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current period income tax expenses	18,699,533.64	16,306,720.79
Deferred tax expenses	-12,886,610.81	-16,625,552.41
Total	5,812,922.83	-318,831.62

(B) Reconciliation of income tax expenses to the accounting profit

Unit: RMB

Item	Amount incurred in the current period
Total profit	-161,518,385.97
Income tax expense calculated based on statutory/applicable tax rate	-16,151,838.60
Impact of different tax rates applicable to subsidiaries	4,827,685.29
Impact of adjustments to income tax of prior periods	24,049.81
Impact of non-taxable income	-66,517.48
Effect of non-deductible costs, expense and loss	1,315,531.61
Effect of utilizing deductible loss not recognized for deferred tax assets from prior periods	-229,096.03
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	16,093,108.23
Income tax expenses	5,812,922.83

Other information:

77. Other comprehensive income

See Note V(I)42 for further details.

78. Items in the cash flow statement

(A) Cash in relation to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government grants	4,591,833.50	6,208,092.59
Deposits and security money	860,153.19	
Recovery of security money not meeting the definition of cash and cash equivalents	6,960,142.36	431,343.00
Interest income	44,202,804.23	12,471,518.32
Rental income	5,101,281.19	2,859,365.57
Others	4,015,679.73	1,989,845.61
Total	65,731,894.20	23,960,165.09

Description of other cash receipts relating to operating activities:

Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of security money not meeting the definition of cash and cash equivalents	2,947,265.78	6,960,142.36
Cash operating expenses	171,930,945.69	191,131,081.25
Deposits and security money		5,396,303.79
Others	1,835,606.02	893,789.41
Total	176,713,817.49	204,381,316.81

Description of other cash payments relating to operating activities:

(B) Cash in relation to investing activities

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of short-term bank wealth management products	112,300,000.00	103,100,000.00
Recovery of borrowed funds	500,000.00	500,000.00
Total	112,800,000.00	103,600,000.00

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of other cash receipts relating to investing activities:

Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of short-term bank wealth management products	109,350,000.00	117,100,000.00
Payment of borrowed funds	3,000,000.00	
Net cash paid for the disposal of subsidiary	6,405,789.29	
Total	118,755,789.29	117,100,000.00

Significant cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of other cash payments relating to investing activities:

(C) Cash in relation to financing activities

Other cash receipts relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
China Construction Bank's Jianxin Rongtong factoring	1,590,000.00	
Total	1,590,000.00	

Description of other cash receipts relating to financing activities:

Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Repurchase of restricted shares		858,102.00
Repayment of loans borrowed and interest	2,000,000.00	4,839,450.00
Payment for acquisition of minority shareholders' equity		5,000,000.00
Share buyback		31,000,786.19
Payment for long-term lease	6,474,082.00	5,885,059.78
Total	8,474,082.00	47,583,397.97

Description of other cash payments relating to financing activities:

Changes in liabilities arising from financing activities

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term borrowings	7,307,401.39	57,076,875.00	660,833.92	7,891,930.44	7,314,093.06	49,839,086.81
Dividends payable			15,444,264.92	15,444,264.92		
Other current liabilities		1,590,000.00				1,590,000.00
Lease liabilities (including lease liabilities due within one year)	12,550,946.65		5,511,589.63	6,474,082.00		11,588,454.28
Total	19,858,348.04	58,666,875.00	21,616,688.47	29,810,277.36	7,314,093.06	63,017,541.09

(D) Presentation of cash flows on a netting basis

Item	Relevant facts	Basis for presentation on a netting basis	Financial impact

(E) Significant events and financial impacts that do not involve cash receipts or payments in the current period but affect the entity's financial position or may affect its cash flows in the future

79. Supplementary information to the cash flow statement

(A) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	-167,331,308.80	45,687,075.62
Add: Impairment allowance of assets	274,888,217.49	168,838,401.76
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of bearer biological assets	24,954,201.64	17,908,274.09
Depreciation of right-of-use assets	6,060,345.81	5,633,395.43
Amortization of intangible assets	122,479,489.55	93,046,884.16
Amortization of long-term prepaid expenses	2,005,462.63	11,404,520.95
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by a '-' sign)	-21,162.70	-1,563,345.95
Loss on the retirement of fixed assets (gain is indicated by a "-" sign)	716,616.01	137,222.27
Loss on changes in fair value (gain is indicated by a "-" sign)	-19,178,596.03	12,873,066.50
Finance costs (gain is indicated by a "-" sign)	1,239,176.75	1,153,959.67
Investment losses (gain is indicated by a "-" sign)	2,249,302.71	-14,900,514.98
Decrease in deferred tax assets (increase is indicated by a "-" sign)	-12,885,383.27	-15,973,589.79
Increase in deferred tax liabilities (decrease is indicated by a '–' sign)	-1,227.54	-651,962.62
Decrease in inventories (increase is indicated by a "-" sign)	-95,657,768.85	-6,326,401.41
Decrease in operating receivables (increase is indicated by a "-" sign)	-102,460,789.43	-252,700,487.22
Increase in operating payables (decrease is indicated by a "-" sign)	81,942,548.38	70,327,414.45
Others	-4,266,290.59	22,947,735.87
Net cash flow from operating activities	114,732,833.76	157,841,648.80
2. Significant investing and financing activities not involving cash receipts or payments		
Conversion of debt to equity		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases	6,471,710.88	10,541,432.00
3. Net movement in cash and cash equivalents:		
Closing balance of cash	1,015,947,299.86	1,087,426,498.37
Less: Opening balance of cash	1,087,426,498.37	1,477,596,364.71
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-71,479,198.51	-390,169,866.34

(B) Net cash paid for the acquisition of subsidiaries during the period

Unit: RMB

	Amount
Of which:	
Of which:	
Of which:	

Other information:

(C) Net cash received from the disposal of subsidiaries during the period

Unit: RMB

	Amount
Cash or cash equivalents received by the subsidiary disposed of during the current period	3,273,700.00
Of which:	
Jiaxing Boyada Pharmaceutical Co., Ltd.	3,273,700.00
Less: Cash and cash equivalents held by the subsidiary as at the date of loss of control	9,679,489.29
Of which:	
Jiaxing Boyada Pharmaceutical Co., Ltd.	9,679,489.29
Of which:	
Net cash received from the disposal of subsidiaries	-6,405,789.29

Other information:

(D) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,015,947,299.86	1,087,426,498.37
Of which: Cash on hand	37,391.93	50,439.12
Bank deposits available for immediate payment	635,266,927.48	447,023,492.96
Other cash at bank and on hand available for immediate use	380,642,980.45	640,352,566.29
III. Balance of cash and cash equivalents at the end of the period	1,015,947,299.86	1,087,426,498.37

(E) Item classified as cash and cash equivalents despite restrictions on their use

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for classification as cash and cash equivalents
Bank deposits		245,209.16	These are raised funds; the Company may use the raised funds at any time to pay for the investment projects, and therefore meet the criteria for cash and cash equivalents.
Total		245,209.16	

(F) Cash at bank and on hand not classified as cash and cash equivalents

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for exclusion from cash and cash equivalents
Margin for bills	1,875,690.47	3,740,438.41	Restricted use
Letter of guarantee deposit	952,102.31	136,991.75	Restricted use
Other security deposits	36,100.00	30,000.00	Restricted use
Other restricted funds	83,373.00	3,052,712.20	Restricted use
Total	2,947,265.78	6,960,142.36	

Other information:

(G) Description of other significant activities

1) For details of significant investment and financing activities not involving cash receipts or payments, please refer to Note V(III)3 to these financial statements.

2) *Amount of commercial bills endorsed and transferred not involving cash receipts or payments*

Item	Amount in the current period	Amount for the same period in the last year
Amount of commercial bills endorsed and transferred	17,960,796.84	47,902,552.89
Of which: payment for goods	17,960,796.84	47,902,552.89

80. Notes to items in the statement of changes in equity

Description of the "Other" items and adjustment amounts used to adjust the balance at the end of the previous year:

81. Foreign currency monetary items

(A) Foreign currency monetary items

Unit: RMB

Item	Balance in foreign currency at the end of period	Conversion rate	Balance translated to RMB at the end of period
Cash at bank and on hand			
Of which: USD			
Euro			
HKD			
Accounts receivable			
Of which: USD			
Euro			
HKD			
Long-term borrowing			
Of which: USD			
Euro			
HKD			

Other information:

(B) Description of overseas operating entities, including, for significant overseas operating entities, disclosure of their principal place of business overseas, functional currency and the basis for the selection; where there has been a change in the functional currency, the reasons for such change shall also be disclosed.

☐ Applicable ☑ Not applicable

82. Leases

(A) The Company as lessee

☑ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☑ Not applicable

Lease expenses for short-term leases or leases of low-value assets subject to simplified accounting

☑ Applicable ☐ Not applicable

The amounts of short-term lease expenses and lease expenses for low-value assets included in profit or loss for the period are as follows:

Item	Amount in the current period	Amount for the same period in the last year
Short-term lease expenses	7,026,369.80	7,495,520.92
Total	7,026,369.80	7,495,520.92

Circumstances involving sale and leaseback transactions

(B) The Company as lessor

Operating leases where the Company is the lessor

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Rental income	Of which: income relating to variable lease payments not included in lease receipts
Rental income	5,092,114.58	
Total	5,092,114.58	

Finance lease as lessor

☐ Applicable ☑ Not applicable

Undiscounted annual lease receipts for the next five years

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
1st year	8,614,217.83	880,291.50
2nd year	8,458,497.65	660,792.00
3rd year	8,398,156.53	424,947.60
4th year	8,298,209.32	
5th year	8,200,252.37	
Total undiscounted lease receipts after five years	36,782,846.17	

Reconciliation of undiscounted lease receipts to net investment in the lease

(C) Recognition of gains or losses on finance lease sales as a manufacturer or dealer

☐ Applicable ☑ Not applicable

83. Data resources

84. Others

VIII. RESEARCH AND DEVELOPMENT EXPENDITURE

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	289,631,039.61	303,738,644.36
Depreciation and amortization	119,166,803.03	85,740,598.54
Others	12,128,445.21	15,477,878.09
Total	420,926,287.85	404,957,120.99
Of which: Expended R&D expenditure	269,281,209.76	247,471,085.49
Capitalized R&D expenditure	151,645,078.09	157,486,035.50

1. R&D projects meeting the criteria for capitalization

Unit: RMB

Item	Opening balance	Amount of increase for the period			Amount of decrease for the period			Closing balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to profit or loss for the period		
Software systems	17,224,899.15	151,645,078.09			162,553,023.81			6,316,953.43
Total	17,224,899.15	151,645,078.09			162,553,023.81			6,316,953.43

Significant capitalized R&D projects

Project	R&D progress	Expected completion date	Manner in which economic benefits are expected to be generated	Date of commencement of capitalization	Specific basis for commencing capitalization
HI-HIS clinical and medical deepening and handover delivery efficiency improvement R&D project	Accepted	31 December 2024	Product sales commenced	2 January 2024	Project approval report
Primary healthcare R&D project	Accepted	31 December 2024	Product sales commenced	2 January 2024	Project approval report

Impairment allowance of development expenditure

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Impairment test results

2. Significant externally acquired projects under development

Project name	Manner in which economic benefits are expected to be generated	Criteria and specific basis for determining capitalization or expensing

Other information:

The Company has no externally acquired projects under development.

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business merger of entities which are not under common control

(A) Business merger of entities which are not under common control occurring during the current period

Unit: RMB

Name of the acquiree	Date of acquisition of equity interest	Cost of acquisition of equity interest	Percentage of equity acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period

Other information:

(B) Cost of merger and goodwill

Unit: RMB

Cost of merger	
–-Cash	
— Fair value of non-cash assets	
— Fair value of debt issued or assumed	
— Fair value of equity securities issued	
–-Fair value of contingent consideration	
–-Fair value of equity interests which were held prior to the acquisition date as at the acquisition date	
–-Others	
Total cost of merger	
Less: Share of fair value of identifiable net assets acquired	
Amount by which the cost of goodwill/merger is less than the share of the fair value of identifiable net assets acquired	

Methodology for determining the fair value of the cost of merger:

Description of contingent consideration and its changes

Main reasons for the formation of significant goodwill:

Other information:

(C) Identifiable assets and liabilities of the acquiree as at the acquisition date

Unit: RMB

	Fair value at the acquisition date	**Carrying amount at the acquisition date**
Assets:		
Cash at bank and on hand		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Accounts payable		
Deferred tax liabilities		
Net assets		
Less: Minority interests		
Net assets acquired		

Method of determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

(D) Gains or losses arising from re-measurement of equity interests which were held prior to the acquisition date at fair value

Are there any transactions involving the acquisition of control during the reporting period through a series of transactions constituting a step-by-step business merger?

☐ Yes ☑ No

(E) Description regarding the inability to reasonably determine the fair value of the consideration for the merger or the fair value of the acquiree's identifiable assets and liabilities as at the acquisition date or the end of the period of merger

(F) Other information

2. Business merger of entities which are under common control

(A) Business merger of entities which are under common control occurring during the current period

Unit: RMB

Name of the acquiree	Percentage of equity interest acquired in the business merger	Basis for constituting business merger of entities under common control	Date of merger	Basis for determining the date of merger	Revenue of the acquiree from the beginning of the current period to the date of merger	Net profit of the acquiree from the beginning of the current period to the date of merger	Revenue of the acquiree for the comparative period	Net profit of the acquiree for the comparative period

Other information:

(B) Cost of merger

Unit: RMB

Cost of merger	
– Cash	
– Carrying amount of non-cash assets	
– Carrying amount of debt issued or assumed	
– Nominal value of equity securities issued	
– Contingent consideration	

Description of contingent consideration and its changes:

Other information:

(C) Carrying amounts of the acquiree's assets and liabilities at the date of merger

Unit: RMB

	On the date of merger	**End of previous period**
Assets:		
Cash at bank and on hand		
Receivables		
Inventories		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Payables		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

3. Reverse acquisition

Basic transaction information; basis for classifying the transaction as a reverse acquisition; whether the assets and liabilities retained by the listed company constitute a business and the basis therefor; determination of the cost of the merger; amounts of equity adjustments and their calculation when treated as an equity transaction:

4. Disposal of subsidiaries

Whether there were any transactions or events during the period that resulted in the loss of control over a subsidiary

☑ Yes ☐ No

Unit: RMB

Name of subsidiary	Disposal consideration at the time of loss of control	Disposal proportion at the time of loss of control	Disposal method at the time of loss of control	Date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the investment being disposed of	Proportion of the remaining equity interest as at the date of loss of control	Carrying amount of the remaining equity interest in the consolidated financial statements as at the date of loss of control	Fair value of the remaining equity interest at the consolidated financial statement level on the date of loss of control	Gain or loss arising from re-measurement of the residual interest at fair value	Method used to determine the fair value of the residual interest at the date of loss of control and the key assumptions	Amount transferred from the other comprehensive income relating to the equity investment in the former subsidiary to investment gains or losses or retained earnings
Jiaxing Shanghai Boyada Pharmaceutical Co., Ltd.	6,540,000.00	51.00%	Sale of shareholding	10 December 2024	Received the equity transfer payment and completed the handover of financial rights	-3,743,183.25					Not applicable	

Other information:

The disposal proceeds comprise: cash of RMB3,273,700.00 and other payables of RMB3,266,300.00.

Has control over a subsidiary been lost during the current period as a result of the disposal of the investment in stages through multiple transactions?

☐ Yes ☑ No

5. Changes in the scope of consolidation due to other reasons

Please describe changes in the scope of consolidation arising from other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the relevant circumstances:

i. Additions to the scope of consolidation

Company name	Method of acquisition of equity	Date of acquisition of equity	Capital contribution	Contribution proportion
Yibin Kanghang	Newly established	June 2024	No capital has been contributed yet	No capital has been contributed yet

ii. Reduction in scope of consolidation

Company name	Method of disposing of equity	Date of disposal of equity	Net assets on the disposal date	Net profit from the beginning of the period to the disposal date
Hainan Huiyi	Deregistration	June 2024	7,344,294.47	-780,992.15
Ninghai Hangchuang	Deregistration	November 2024		

6. Others

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(A) Composition of the enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Lianqi Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	System integration	100.00%		Business merger of entities not under common control
Chuangye Software Nanjing Co., Ltd.	30,000,000.00	Nanjing	Nanjing	Software development	100.00%		Establishment
Xinjiang Chuangshi Information Technology Co., Ltd.	5,000,000.00	Xinjiang	Xinjiang	Software development	85.00%		Establishment
Shanghai Chuanghang Software Co., Ltd.	36,000,000.00	Shanghai	Shanghai	Software development	100.00%		Establishment
Suzhou Chuangye Yikang Information Technology Co., Ltd.	6,000,000.00	Suzhou	Suzhou	Software development	100.00%		Establishment
Chongqing Chuangyikang Software Co., Ltd.	16,000,000.00	Chongqing	Chongqing	Software development	100.00%		Establishment
Tianjin Chuangjin Technology Co., Ltd.	10,000,000.00	Tianjin	Tianjin	Software development	100.00%		Establishment
Hangzhou Weiqin Technology Co., Ltd.	2,040,900.00	Hangzhou	Hangzhou	Software development	51.00%		Business merger of entities not under common control
Guangdong Zhongtuo Information Technology Co., Ltd.	15,000,000.00	Zhongshan	Zhongshan	Software development	100.00%		Business merger of entities not under common control
Zhongshan Hangchuang Technology Co., Ltd.	20,000,000.00	Zhongshan	Zhongshan	Software development	100.00%		Establishment
Hangzhou Huikang IoT Technology Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Technical services	100.00%		Business merger of entities not under common control

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Zhuoteng Information Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Business merger of entities not under common control
Hangzhou Hemei Property Management Co., Ltd.	1,000,000.00	Hangzhou	Hangzhou	Property management	100.00%		Establishment
Hangzhou Minotech Technology Co., Ltd.	11,363,600.00	Hangzhou	Hangzhou	Software development	100.00%		Business merger of entities not under common control
Zhejiang Yikang Data Technology Research Institute Co., Ltd.	10,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Establishment
Guangzhou Yuewan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Software development	100.00%		Establishment
Zigong Hangchuang Technology Co., Ltd.	10,000,000.00	Zigong	Zigong	Software development	100.00%		Establishment
Hangzhou Huikang Hulian Technology Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Software development	100.00%		Establishment
Beijing Tongkang Medical Information Technology Co., Ltd.	10,000,000.00	Beijing	Beijing	Technology development	100.00%		Business merger of entities not under common control
Tianjin Qingchuang Huikang Technology Co., Ltd.	10,000,000.00	Tianjin	Tianjin	Technical services	100.00%		Establishment
Lanzhou Yuanteng Software Technology Co., Ltd.	3,530,000.00	Lanzhou	Lanzhou	Software development	51.00%		Business merger of entities not under common control
Wenzhou Urban Smart Health Co., Ltd.	20,000,000.00	Wenzhou	Wenzhou	Technical services	100.00%		Business merger of entities not under common control

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Tianjin Zhanhua Technology Development Co., Ltd.	5,950,000.00	Tianjin	Tianjin	Software development	100.00%		Business merger of entities not under common control
Zhejiang Yishan Smart Healthcare Research Co., Ltd.	25,000,000.00	Hangzhou	Hangzhou	Software development	48.00%	24.17%	Business merger of entities not under common control
Guangzhou Yunwan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Technical services	100.00%		Establishment
Yibin Kanghang Information Technology Co., Ltd.	10,000,000.00	Yibin	Yibin	Technical services	100.00%		Establishment

Description of the discrepancy between the shareholding ratio and the voting rights ratio in subsidiaries:

Basis for controlling an investee when holding 50% or less of the voting rights, and for not controlling an investee when holding more than 50% of the voting rights:

Basis for control of significant structured entities included in the scope of consolidation:

Basis for determining whether the Company is an agent or a principal:

Other information:

(B) Significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Minority shareholding ratio	Profit or loss attributable to minority shareholders for the period	Dividends declared to minority shareholders for the period	Closing balance of minority interest
Lanzhou Yuanteng	49.00%	10,607,528.85		47,291,439.75

Description of the discrepancy between the shareholding ratio and the voting rights ratio of minority shareholders in subsidiaries:

Other information::

(C) Key financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Lanzhou Yuanteng	123,287,095.23	5,068,217.37	128,355,312.60	31,842,170.26		31,842,170.26	93,906,185.31	4,851,904.86	98,758,090.17	23,892,965.89		23,892,965.89

Unit: RMB

Name of subsidiary	Operating revenue	Amount incurred in the current period	Total comprehensive income	Cash flows from operating activities	Amount incurred in the previous period	Net profit	Total comprehensive income	Cash flows from operating activities
		Net profit			Operating revenue			
Lanzhou Yuanteng	73,853,477.73	21,648,018.06	21,648,018.06	14,311,806.11	39,469,006.08	12,887,552.79	12,887,552.79	17,212,603.60

Other information:

The Company has included Lanzhou Yuanteng in its consolidated financial statements with effect from 29 May 2023; the amount for the corresponding period of the previous year relate to Lanzhou Yuanteng's data for the period from June to December 2023.

(D) Significant restrictions on the utilization of enterprise group assets and the settlement of enterprise group liabilities

(E) Financial or other support provided to structured entities included in the scope of the consolidated financial statements

Other information:

2. Transactions in which there is a change in the share of equity in a subsidiary but control over the subsidiary is retained

(A) Description of circumstances where there is a change in the share of equity in a subsidiary

(B) Impact of the transaction on minority interests and owners' equity attributable to the parent

Unit: RMB

Cost of acquisition/consideration of disposal	
— Cash	
— Fair value of non-cash assets	
Total cost of acquisition/consideration of disposal	
Less: Share of the subsidiary's net assets calculated based on the proportion of equity acquired/disposed of	
Difference	
Of which: Adjustment to capital reserve	
Adjustment to surplus reserve	
Adjustment to undistributed profit	

Other information:

3. Interests in joint ventures or associates

(A) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	

Description of instances where the shareholding percentage in a joint venture or associate differs from the proportion of voting rights:

Basis for holding less than 20% of the voting rights but exercising significant influence, or holding 20% or more of the voting rights but not exercising significant influence:

(B) Key financial information of significant joint ventures

Unit: RMB

	Closing balance/ amount incurred in the current period	**Opening balance/ amount incurred in the previous period**
Current assets		
Of which: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
–-Goodwill		
— Unrealized profits on intragroup transactions		
— Others		
Carrying amount of equity investments in joint ventures		
Fair value of equity investments in joint ventures for which a quoted market price is available		
Operating revenue		
Finance costs		
Income tax expenses		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures during the year		

Other information:

(C) Key financial information of significant associates

Unit: RMB

	Closing balance/ amount incurred in the current period	**Opening balance/ amount incurred in the previous period**
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
–-Goodwill		
— Unrealized profits on intragroup transactions		
— Others		
Carrying amount of equity investment in associates		
Fair value of equity investments in associates for which a quoted market price is available		
Operating revenue		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates during the year		

Other information:

(D) Summary financial information of immaterial joint ventures and associates

Unit: RMB

	Closing balance/ amount incurred in the current period	Opening balance/ amount incurred in the previous period
Joint ventures:		
The following are total amounts calculated according to the shareholding percentage		
Associates:		
Total carrying amount of investment	158,365,587.85	168,980,662.83
The following are total amounts calculated according to the shareholding percentage		
–-Net profit	625,976.21	4,987,054.72
–-Other comprehensive income	6,718,404.59	-5,004,475.87
–-Total comprehensive income	7,344,380.80	-17,421.15

Other information:

During the current period, as the Company purchased software products from its associate, Zhejiang Chuanglian Wangjie Technology Co., Ltd., and some of these products have not yet been sold to external independent third parties, an adjustment was made to the unrealized profit at the consolidated financial statement level to account for this reverse transaction. Consequently, the income from the long-term equity investment in Zhejiang Chuanglian Wangjie Technology Co., Ltd. accounted for using the equity method was reduced by RMB242,567.33 (with a corresponding reduction in inventories).

(E) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

(F) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint venture or associate	Cumulative unrecognized losses from prior periods	Unrecognized losses in the current period (or share of net profit in the current period)	Cumulative unrecognized losses at the end of the period
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.	477,961.75	2,119,064.08	2,597,025.83

Other information:

(G) Unrecognized commitments relating to investments in joint ventures

(H) Contingent liabilities relating to investments in joint ventures or associates

4. Significant joint operations

Name of joint operation	Principal place of business	Place of incorporation	Nature of business	Shareholding ratio/ share entitlement	
				Direct	Indirect

Description of any discrepancy between the shareholding ratio or share entitlement in a joint venture and the voting rights ratio:

When separate entities are engaged in joint operation, the basis for classifying it as joint operation:

Other information:

5. Interests in structured entities not included in the scope of the consolidated financial statements

Description regarding structured entities not included in the scope of the consolidated financial statements:

6. Others

XI. GOVERNMENT GRANTS

1. Government grants recognized by the amount of receivables at the end of the reporting period

☐ Applicable ☑ Not applicable

Reasons for failing to receive the expected amount of government grants by the anticipated date

☐ Applicable ☑ Not applicable

2. Liability items relating to government grants

☑ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Opening balance	New grants amount for the period	Amount included in non-operating revenue for the period	Amount transferred to other income for the period	Other movements during the period	Closing balance	Relating to assets/income
Deferred income	4,848,585.48		76,416.36			4,772,169.12	Related to assets
Deferred income		852,000.00				852,000.00	Related to income
Subtotal	4,848,585.48	852,000.00	76,416.36			5,624,169.12	

3. Government grants recognized in profit or loss

☑ Applicable ☐ Not applicable

Unit: RMB

Accounting heading	Amount incurred in the current period	Amount incurred in the previous period
Amount of government grants included in other income	21,676,796.67	35,778,700.73

Other information

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

I. Various risks arising from financial instruments

The Company's objective in risk management is to strike a balance between risk and return, minimise the adverse impact of risk on the Company's operating performance, and maximise the interests of shareholders and other equity investors. Based on this risk management objective, the Company's fundamental risk management strategy is to identify and analyse the various risks faced by the Company, establish appropriate risk tolerance thresholds and implement risk management measures, and monitor various risks in a timely and reliable manner to keep them within defined limits.

In the course of its day-to-day activities, the Company faces various risks associated with financial instruments, primarily including credit risk, liquidity risk and market risk. Management has reviewed and approved policies for managing these risks, which are summarised below.

(A) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to meet its obligations, resulting in a financial loss to the other party.

a. Credit risk management practice

(i) Methods for assessing credit risk

At each balance sheet date, the Company assesses whether the credit risk associated with a financial instrument has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company considers information that is reasonable and supportable and available without undue additional cost or effort, including qualitative and quantitative analyses based on historical data, external credit ratings and forward-looking information. The Company assesses changes in the risk of default over the expected life of a financial instrument on an individual basis or for a portfolio of financial instruments with similar credit risk characteristics, by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition.

The Company considers that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative or qualitative criteria are met:

i.i) Quantitative criteria primarily involve the probability of default over the remaining life as at the balance sheet date increasing by more than a specified percentage compared to the date of initial recognition;

i.ii) Qualitative criteria primarily include significant adverse changes in the debtor's operating or financial circumstances, or existing or anticipated changes in the technological, market, economic or legal environment that are likely to have a material adverse effect on the debtor's ability to repay the Company.

(ii) Definition of default and assets with credit impairment

The Company classifies a financial asset as being in default when it meets one or more of the following criteria; these criteria are consistent with the definition of credit impairment:

ii.i) the debtor is experiencing significant financial difficulties;

ii.ii) The debtor has breached the contractual provisions binding upon the debtor;

ii.iii) The debtor is highly likely to enter bankruptcy or undergo other financial restructuring;

ii.iv) the creditor grants the debtor concessions that would not otherwise be granted, based on economic or contractual considerations related to the debtor's financial difficulties.

b. Measurement of expected credit losses

Key parameters for the measurement of expected credit losses include probability of default, loss given default and exposure at default. The Company establishes a quantitative analysis and forward-looking information based on historical statistical data (such as counterparty ratings, types of guarantees and collateral, and repayment methods), to establish models for probability of default, loss given default and exposure at default.

c. Reconciliation of the opening and closing balances of the provision for losses on financial instruments is detailed in Notes V(I)3, V(I)4, V(I)5, V(I)7 and V(I)9.

d. Credit risk exposure and concentration

The Company's credit risk primarily arises from cash at bank and on hand and receivables. To manage the aforementioned risks, the Company has implemented the following measures.

(i) Cash at bank and on hand

The Company holds bank deposits and other cash at bank and on hand with financial institutions that have high credit ratings; therefore, the credit risk is low.

(ii) Receivables and contract assets

The Company continuously conducts credit assessments on customers with whom it conducts credit-based transactions. Based on the results of these credit assessments, the Company selects recognized customers with good credit standing for transactions and monitors their outstanding receivables to ensure that the Company does not face significant bad debt risk.

As the Company's accounts receivable risk is spread across multiple partners and customers, as at 31 December 2024, 8.83% (31 December 2023: 10.85%) of the Company's accounts receivable and contract assets were attributable to the top five customers by balance; the Company is not exposed to significant credit concentration risk.

The Company's maximum credit risk exposure is the carrying amount of each financial asset on the balance sheet.

(B) Liquidity risk

Liquidity risk refers to the risk that the Company will experience a shortfall in funds when fulfilling obligations settled by the delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value in a timely manner; or from the counterparty's inability to repay its contractual obligations; or from debts maturing earlier than expected; or from the inability to generate expected cash flows.

To manage this risk, the Company employs a comprehensive range of financing methods, including bill settlement and bank borrowings, and adopts a strategy of optimising the financing structure by appropriately combining long-term and short-term financing methods to maintain a balance between financing continuity and flexibility. The Company has secured banking credit facilities from multiple commercial banks to meet working capital requirements and capital expenditure.

Classification of financial liabilities by remaining maturity

Item	Amount at the end of the period				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank loans	49,839,086.81	50,050,000.00	50,050,000.00		
Financial liabilities held for trading	5,100,000.00	5,100,000.00	5,100,000.00		
Notes payable	38,725,454.64	38,725,454.64	38,725,454.64		
Accounts payable	676,585,555.82	676,585,555.82	676,585,555.82		
Other payables	25,401,879.37	25,401,879.37	25,401,879.37		
Lease liabilities	11,588,454.28	12,742,432.78	5,262,209.73	3,614,028.75	3,866,194.30
Sub-total	807,240,430.92	808,605,322.61	801,125,099.56	3,614,028.75	3,866,194.30

(Continued from the table above)

Item	Amount at the end of the period				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank borrowings	7,307,401.39	7,390,296.92	7,390,296.92		
Financial liabilities held for trading	10,200,000.00	10,200,000.00	10,200,000.00		
Notes payable	34,577,181.10	34,577,181.10	34,577,181.10		
Accounts payable	641,693,514.13	641,693,514.13	641,693,514.13		
Other payables	37,246,917.96	37,246,917.96	37,246,917.96		
Lease liabilities	12,550,946.65	14,048,089.25	4,169,018.52	5,196,876.43	4,682,194.30
Sub-total	743,575,961.23	745,155,999.36	735,276,928.63	5,196,876.43	4,682,194.30

(C) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk primarily comprises interest rate risk and foreign exchange risk.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risk, whilst floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate and floating-rate financial instruments based on market conditions and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is primarily related to the Company's bank borrowings bearing interest at floating rates.

As at 31 December 2024, the Company had a limited amount of bank borrowings bearing interest at floating rates; consequently, this will not have a material impact on the Company's total profit or shareholders' equity.

b. Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in foreign exchange rates. The Company operates in mainland China, and its principal activities are denominated in Renminbi. Consequently, the market risk arising from foreign exchange fluctuations borne by the Company is not material.

There were no monetary assets or liabilities denominated in foreign currencies at the end of the current period.

(D) Transfer of financial assets

i. Overview of the transfer of financial assets

Method of Transfer	Nature of financial assets transferred	Amount of financial assets transferred	Circumstances of derecognition	Basis for determining derecognition
Discounting of bills	Notes receivable	50,000.00	Not derecognized	Retained substantially all the risks and rewards
China Construction Bank's Jianxin Rongtong factoring	Accounts receivable	1,590,000.00	Not derecognized	The receivables were transferred with recourse, retaining virtually all risks and rewards
Endorsement of bills	Financing receivables	4,757,040.74	Derecognized	Has transferred substantially all the risks and rewards
Accounts receivable buy-out factoring	Financing receivables	3,000,000.00	Derecognized	The receivables were transferred on a non-recourse basis, and substantially all the risks and rewards were transferred
Subtotal		9,397,040.74		

ii. Description of financial assets derecognized due to transfer

Item	Method of transfer of financial assets	Amount of financial assets derecognized	Gain or loss on derecognition
Financing receivables	Endorsement	4,757,040.74	
Financing receivables	Buy-out factoring	3,000,000.00	
Sub-total		7,757,040.74	

iii. Amount of assets and liabilities arising from the transfer of financial assets with continuing involvement

Item	Method of asset transfer	Amount of assets arising from continuing involvement	Amount of liabilities arising from continuing involvement
Notes receivable	Discount	50,000.00	50,000.00
Accounts receivable	China Construction Bank's Jianxin Rongtong factoring	1,590,000.00	1,590,000.00
Sub-total		1,640,000.00	1,640,000.00

2. Hedging

(A) The Company engages in hedging activities for risk management

☐ Applicable ☑ Not applicable

(B) The company engages in qualifying hedging activities and applies hedge accounting

Unit: RMB

Item	Carrying amount relating to the hedged item and the hedging instrument	Cumulative fair value hedge adjustments included in the recognized carrying amount of the hedged item	Effectiveness of hedge and source of ineffective portions of hedge	The impact of hedge accounting on the Company's financial statements
Types of hedged risks				
Categories of hedges				

Other information

(C) The company engages in hedging activities for risk management purposes and expects to achieve its risk management objectives, but does not apply hedge accounting

☐ Applicable ☑ Not applicable

3. Financial assets

(A) Classification by method of transfer

☐ Applicable ☑ Not applicable

(B) Financial assets derecognized due to transfer

☐ Applicable ☑ Not applicable

(C) Transfers of financial assets involving continued involvement

☐ Applicable ☑ Not applicable

Other notes

XIII. DISCLOSURES ON FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Fair value measurement on an ongoing basis	–	–	–	–
(i) Financial assets held for trading			128,739,845.30	128,739,845.30
1. Financial assets measured at fair value through profit or loss			128,739,845.30	128,739,845.30
(2) Investments in equity instruments			116,660,978.06	116,660,978.06
(4) Short-term wealth management products			12,078,867.24	12,078,867.24
(iii) Other investments in equity instruments			5,460,671.74	5,460,671.74
Financing receivables			1,717,610.00	1,717,610.00
Total assets measured at fair value on a continuous basis			135,918,127.04	135,918,127.04
(vi) Financial liabilities held for trading			5,100,000.00	5,100,000.00
Others			5,100,000.00	5,100,000.00
Total liabilities measured at fair value on a continuous basis			5,100,000.00	5,100,000.00
II. Non-continuous fair value measurement	–	–	–	–

2. Basis for determining market prices of Level 1 fair value measurement items (both ongoing and non-ongoing)

3. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 2 fair value measurement items, whether ongoing or non-ongoing

4. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 3 fair value measurement items, whether ongoing or non-ongoing

Item	Fair value at the end of the period	Valuation technique
Short-term wealth management products	12,078,867.24	Determined by adding the principal to the expected return as at the end of the period
Investment in equity investments	61,857,446.42	Valuation amount is used as the fair value
	54,803,531.64	As the difference between the investee's fair value and carrying amount is insignificant, the investee's carrying amount is used as its fair value
Financing receivables	1,717,610.00	As the difference between fair value and carrying amount is insignificant, the carrying amount is used as the fair value
Other investments in equity instruments	5,460,671.74	As the difference between the investee's fair value and carrying amount is insignificant, the investee's carrying amount is used as as its fair value
Contingent consideration for the acquisition of shares in a subsidiary	5,100,000.00	As the difference between fair value and carrying amount is immaterial, the carrying amount is used as the fair value

5. Items measured at Level 3 fair value on an ongoing basis, reconciliation between the carrying amounts at the beginning and end of the period, and sensitivity to unobservable parameters analysis

6. Items measured at fair value on an ongoing basis, where transfer between levels of the fair value hierarchy occurred during the current period, the reasons for such transfer and the policy for determining the timing of transfer

7. Changes in valuation techniques during the current period and the reasons for such changes

8. Fair value of financial assets and financial liabilities not measured at fair value

The Company's financial assets and financial liabilities not measured at fair value primarily include: cash at bank and on hand, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, trade payables, other payables, non-current liabilities due within one year, and lease liabilities, among others; the differences between their carrying amounts and fair values are immaterial.

9. Others

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the Company's parent company

Name of parent company	Place of incorporation	Nature of business	Registered capital	Shareholding percentage of parent company in the Company	Proportion of voting rights of parent company in the Company

Description of the Company's parent company:

This Company has no parent company.

The ultimate controller of the Company is:

Other information:

2. Description of the Company's subsidiaries

For details regarding the Company's subsidiaries, please refer to Note VII.

3. Information on the Company's joint ventures and associates

Details of the Company's significant joint ventures and associates are set out in Note VII.

Details of other joint ventures or associates that have entered into related-party transactions with the Company during the current period, or that have outstanding balances arising from related-party transactions with the Company in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company
Hangzhou Meiqing Digital Technology Co., Ltd.	Associate
Chengdu Miso Information Technology Co., Ltd.	Associate
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Associate
Zhejiang Yishan	An associate until 22 December 2023; from 22 December 2023 onwards, as the shareholding percentage is 72.17% equity interest, it has become a controlled subsidiary

Other information:

4. Description of other related parties

Names of other related parties	Relationship between other related parties and the Company
Ge Hang	Shareholder holding more than 5% of the Company's shares
Philips (China) Investment Co., Ltd.	Shareholder holding more than 5% of the Company's shares
Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.	A company controlled by Ge Hang
Hangzhou Gehong Tea Culture Development Co., Ltd. (formerly Hangzhou Gehang Tea Culture Development Co., Ltd.)	Companies controlled by Ge Hang
Yikang (Hangzhou) Health Technology Co., Ltd.	Companies controlled by Ge Hang
Hangzhou Yijiayun Health Management Co., Ltd.	Company controlled by Ge Hang
Hangzhou Yijia Smart Health Management Co., Ltd.	A company controlled by Ge Hang
Yijia Life Health Management (Zhejiang) Co., Ltd.	Formerly a company controlled by Ge Hang; control was lost after December 2023 and is now a non-affiliated party
Shanghai Peipu Information Technology Co., Ltd.	A company in which a close family member of a key management personnel of the Company serves as a director; is a non-affiliated party since August 2023
Zhang Lüzheng	Key management personnel of the Company

Other information:

5. Related-party transactions

(A) Related-party transactions involving the purchase and sale of goods, and rendering and receipt of services

Table showing the purchase of goods/receipt of services

Unit: RMB

Related Party	Details of related party transactions	Amount incurred in the current period	Approved transaction limit	Does it exceed the transaction limit	Amount incurred in the previous period
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Software products	7,151,121.56		No	2,500,000.00
Shanghai Peipu Information Technology Co., Ltd.	Software consultancy services			No	1,156,272.00
Chengdu Miso Information Technology Co., Ltd.	Software products	155,752.23		No	282,000.00
Philips (China) Investment Co., Ltd.	Software products	5,041,307.09	60,000,000.00	No	

Table showing the sales of goods/rendering of services

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Zhejiang Yishan	Software products, technical services		11,316,868.81

Explanation of related-party transactions involving the purchase and sale of goods and rendering and receipt of services

(B) Description of related-party entrusted management/contract-in and outsourced management/ contract out

Table showing the Company's entrusted management/contract-in arrangements:

Unit: RMB

Name of principal/ contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-in assets	Start date of the custody/ contract-in	End date of the custody/ contract-in	Basis for determining custodian fee/ contract-out fee	Custodian fee/ contract-in fee recognized in the current period

Description of related-party custody/contract-in arrangements:

Table of the Company's entrusted management/contract-out arrangements:

Unit: RMB

Name of principal/ contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-out assets	Start date of the custody/ contract-out	End date of the custody/ contract-out	Basis for determining custodian fee/ contract-out fee	Custodian fee/ contract-out fee recognized in the current period

Description of related-party management/contract-out arrangements

(C) Description of related-party leases

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the previous period
Yikang (Hangzhou) Health Technology Co., Ltd.	Buildings and structures		690,799.20
Hangzhou Meiqing Digital Technology Co., Ltd.	Buildings and structures	286,412.58	484,077.60
Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.	Buildings and Structures		456,451.20
Hangzhou Gehong Tea Culture Development Co., Ltd.	Buildings and structures		34,285.71
Hangzhou Yijiayun Health Management Co., Ltd.	Buildings and structures		18,768.00
Hangzhou Yijia Smart Health Management Co., Ltd.	Buildings and structures		15,248.40

The Company as lessee:

Unit: RMB

Lessor name	Type of leased asset	Rental fee of simplified treatment of short-term leases and low-value assets (if applicable)		Variable lease payment not included in measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period

Description of related-party leasing

During the current period, whilst leasing buildings and structures to the above-mentioned related parties, RMB33,062.78 was charged for water and electricity costs; concurrently, it provided property management services and collected property management fees of RMB80,802.51.

(D) Related-party guarantees

The Company as guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

The Company as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

Description of related-party guarantees

(E) Funds borrowed or lent involving related parties

Unit: RMB

Related party	Amount of funds borrowed or lent	Commencement date	Maturity date	Description
Borrowed				
Lent				

(F) Transfer of assets and debt restructuring involving related parties

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period

(G) Benefits of key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Benefits of key management personnel	**628.41**	**620.42**

(H) Other related party transactions

6. Receivables and payables from related parties

(A) Receivables

Unit: RMB

Item name	Related party	Closing balance		Opening balance	
		Book balance	Bad debts allowance	Book balance	Bad debts allowance
Accounts receivable	Hangzhou Yijia Medical and Care Cloud Technology Co., Ltd.			317,455.11	15,872.76
Accounts receivable	Yikang (Hangzhou) Health Technology Co., Ltd.	100,000.00	20,000.00	264,466.44	13,223.32
Accounts receivable	Yijia Life Health Management (Zhejiang) Co., Ltd.			29,610.00	5,922.00
Accounts receivable	Hangzhou Yijia Smart Health Management Co., Ltd.			16,010.82	800.54
Accounts receivable	Hangzhou Yijiayun Health Management Co., Ltd.			10,634.40	531.72
Accounts receivable	Hangzhou Ge Hong Tea Culture Development Co., Ltd.	9,000.00	1,800.00	9,000.00	450.00
Subtotal		109,000.00	21,800.00	647,176.77	36,800.34

(B) Payables

Unit: RMB

Item name	Related party	Book balance at the end of period	Book balance at the beginning of period
Accounts payable	Philips (China) Investment Co., Ltd.	1,450,209.30	50,000,000.00
Accounts payable	Zhejiang Chuanglian Wangjie Technology Co., Ltd.	7,552,123.91	1,750,000.00
Accounts payable	Hangzhou Meiqing Digital Technology Co., Ltd.	952,372.00	992,372.00
Accounts payable	Chengdu Miso Information Technology Co., Ltd.	256,226.27	
Accounts payable	Shanghai Peipu Information Technology Co., Ltd.		188,734.78
Subtotal		10,210,931.48	52,931,106.78
Receipts in advance	Hangzhou Meiqing Digital Technology Co., Ltd.		45,724.83
Subtotal			45,724.83
Other payables	Hangzhou Meiqing Digital Technology Co., Ltd.		31,784.59
Other payables	Hangzhou Gehong Tea Culture Development Co., Ltd.		230,910.00
Other payables	Zhang Lüzheng Note	54,400.00	
Sub-total		54,400.00	262,694.59

Note: The balance represents government subsidies collected on behalf of others.

7. Commitments by related parties

8. Others

XV. SHARE-BASED PAYMENT

1. Overview of share-based payment

☑ Applicable ☐ Not applicable

Unit: RMB

Category of grantees	Granted in the current period		Exercised in the current period		Unlocked in the current period		Lapsed in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Production staff							**1,275,000**	**5,374,050.00**
Sales staff							**3,171,000**	**13,089,750.00**
Management staff							**5,049,000**	**21,069,450.00**
Technical staff							**3,615,000**	**14,765,850.00**
Total							**13,110,000**	**54,299,100.00**

Stock options or other equity instruments outstanding at the end of the period

☐ Applicable ☑ Not applicable

Other information:

Pursuant to the "Proposal on the 'B-Soft Co., Ltd. 2022 Restricted Stock Incentive Plan (Draft) and its Summary" approved at the Company's 3rd Extraordinary General Meeting, and the "Proposal on the Initial Grant of Restricted Shares to Participants of the 2022 Restricted Stock Incentive Plan" approved at the 24th meeting of the 7th Board of Directors, it was resolved to set 30 December 2022 as the initial grant date and to grant 34,800,000 Class II restricted shares to 97 incentive recipients at a grant price of RMB4.08 per share. Pursuant to the "Proposal on the Grant of Reserved Restricted Shares to Incentive Recipients" approved by the 28th meeting of the 7th Board of Directors and the 22nd meeting of the 7th Supervisory Board, it was resolved that 5 June 2023 would be the reserved grant date, and 7,200,000 Class II restricted shares would be granted to 19 eligible incentive recipients at a grant price of RMB4.45 per share. The restricted shares shall be sourced from the Company's private placement of RMB ordinary A-shares to the incentive recipients. The restricted shares granted under this incentive scheme will vest in instalments at the agreed proportions once the incentive recipients meet the relevant vesting conditions.

As the Company's 2024 performance failed to meet the performance targets for the second vesting period, no share-based payment expense needs to be recognized for the first grant of restricted shares and the second vesting period of the reserved grant, and share-based payment expenses of RMB16,031,863.06 were reversed. The Company expects to meet the performance assessment targets for the third vesting period, and has therefore recognized the corresponding share-based payment expense of RMB11,765,572.47 for the third vesting period in the current period.

2. Equity-settled share-based payment

☑ Applicable ☐ Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	For restricted shares granted, the time value of the option is calculated by using the closing price of the shares on the grant date to determine the fair value of the restricted shares
Basis for determining the number of exercisable equity instruments	For restricted shares, the fair value is determined based on the allocated quota, taking into account changes in the number of exercisable employees at each balance sheet date, the Company's performance assessment indicators for each exercisable year and the individual performance appraisal of the incentive recipients
Reasons for significant differences between the current period's estimates and those of the previous period	Performance targets for the vesting period were not met
Cumulative amount of equity-settled share-based payment recognized in capital reserve	159,353,418.99
Total expense recognized for equity-settled share-based payment in the current period	-4,266,290.59

Other information:

3. Cash-settled share-based payment

☐ Applicable ☑ Not applicable

4. Share-based payment expense in the current period

☑ Applicable ☐ Not applicable

Unit: RMB

Category of grantees	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Production staff	-207,201.81	
Sales staff	-611,468.59	
Management staff	-3,286,346.18	
Technical staff	-161,274.01	
Total	-4,266,290.59	

Other information:

5. Amendments and terminations of share-based payment

6. Others

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Material commitments existing at the balance sheet date

As at 31 December 2024, the Company had outstanding capital contribution obligations to its established and invested subsidiaries totalling RMB38.76 million, of which: Yikang Research Institute: RMB8.06 million; Yuewan Huikang: RMB9.70 million; Qingchuang Huikang: RMB1 million; Guangzhou Yunwan: RMB10 million; Yibin Kanghang: RMB10 million.

2. Contingencies

(A) Significant contingencies as at the balance sheet date

As at the balance sheet date, the Company has no material contingencies requiring disclosure.

(B) If the Company has no significant contingencies requiring disclosure, this should also be stated

The Company has no material contingencies requiring disclosure.

3. Others

XVII. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting items

Unit: RMB

Item	Description	Impact on financial position and operating results	Reason for inability to estimate impact

2. Profit distribution

Dividend proposed for distribution per 10 shares (RMB)	0
Bonus shares proposed for distribution per 10 shares (number of shares)	0
Capital reserve capitalization proposed for distribution per 10 shares (number of shares)	0
Dividend approved and declared for distribution per 10 shares (RMB)	0
Bonus shares approved and declared for distribution per 10 shares (number of shares)	0
Capital reserve capitalization declared and approved for distribution per 10 shares (number of shares)	0
Profit distribution proposal	In accordance with the relevant provisions of the Companies Act, the Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies and the relevant provisions of the Articles of Association, and in view of the Company's loss for the 2024 financial year, whilst taking into account the Company's sustainable and stable development, and to better safeguard the long-term interests of all shareholders, the Company has formulated the 2024 profit distribution plan as follows: no cash dividends will be paid for the 2024 financial year, no bonus shares will be issued, and no conversion of capital reserve to share capital.

3. Sales returns

4. Description of other events after the balance sheet date

XVIII. OTHER IMPORTANT MATTERS

1. Correction of accounting errors in previous period

(A) Retrospective restatement method

Unit: RMB

Details of correction of accounting errors	Treatment procedure	Name of affected items in the statements in each of the comparative periods	Cumulative effect

(B) Prospective application

Details of correction of accounting errors	Approval procedure	Reasons for adopting the prospective application method

2. Debt restructuring

3. Asset swap

(A) Swap of non-monetary assets

(B) Other asset swaps

4. Pension schemes

5. Discontinuation of operations

Unit: RMB

Item	Revenue	Expenses	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the parent company

Other information:

6. Segment information

(A) Basis for determining reportable segments and accounting policies

The Company's principal business activities comprise software sales, system integration and technical services. As the Company is currently unable to accurately allocate operating assets and liabilities directly attributable to a specific segment, there are no reportable segments. Details of the Company's revenue and operating cost by product category are set out in Note V(II)1 to these financial statements.

(B) Financial information by reportable segment

Unit: RMB

Item		Inter-segment eliminations	Total

(C) Where the company has no reportable segment or is unable to disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

(D) Other information

7. Other significant transactions and matters affecting investors' decision-making

8. Others

XIX. NOTES TO THE MAIN ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(A) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	670,419,500.23	719,412,218.24
1-2 years	509,515,729.62	484,196,882.72
2-3 years	333,392,971.71	393,999,056.86
Over 3 years	496,744,233.14	266,606,409.47
3-4 years	298,008,543.49	141,258,045.77
4-5 years	93,769,676.95	67,411,433.44
Over 5 years	104,966,012.70	57,936,930.26
Total	2,010,072,434.70	1,864,214,567.29

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Accounts receivable for which provisions for bad debts allowance is made on an individual basis	19,544,798.15	0.97%	19,544,798.15	100.00%		18,216,997.98	0.98%	18,216,997.98	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	1,990,527,636.55	99.03%	547,572,996.78	27.51%	1,442,954,639.77	1,845,997,569.31	99.02%	418,915,107.93	22.69%	1,427,082,461.38
Of which:										
Total	2,010,072,434.70	100.00%	567,117,794.93	28.21%	1,442,954,639.77	1,864,214,567.29	100.00%	437,132,105.91	23.45%	1,427,082,461.38

Provision for bad debts allowance on an individual basis: 19,544,798.15

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is unlikely that the amount will be recovered
Other miscellaneous customers	6,061,211.98	6,061,211.98	7,389,012.15	7,389,012.15	100.00%	These companies are facing operational difficulties, and it is unlikely that the amount will be recovered
Total	18,216,997.98	18,216,997.98	19,544,798.15	19,544,798.15		

Provision for bad debts allowance by portfolio: 547,572,996.78

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Portfolio due from related parties within the scope of consolidation	13,387,359.45		
Ageing portfolio	1,977,140,277.10	547,572,996.78	27.70%
Total	1,990,527,636.55	547,572,996.78	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐ Applicable ☑ Not applicable

(C) Description of bad debts allowance being made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write off	Others	
Provision for bad debts allowance individually	18,216,997.98	6,255,800.17		4,928,000.00		19,544,798.15
Provision for bad debts allowance by portfolio	418,915,107.93	128,657,888.85				547,572,996.78
Total	437,132,105.91	134,913,689.02		4,928,000.00		567,117,794.93

Of which, significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

(D) Description of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	4,928,000.00

Description of significant write-off of accounts receivable:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of accounts receivable:

(E) Top five closing balance of accounts receivable and contract assets by debtor at the end of the period

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	52,192,000.13		52,192,000.13	2.46%	23,664,691.05
2nd place	50,971,066.96	304,900.00	51,275,966.96	2.42%	23,786,350.57
3rd place	36,107,037.00	46,747.00	36,153,784.00	1.71%	9,497,216.20
4th place	28,095,637.21	3,614,564.38	31,710,201.59	1.50%	3,688,117.37
5th place	28,171,608.87		28,171,608.87	1.33%	12,509,697.13
Total	195,537,350.17	3,966,211.38	199,503,561.55	9.42%	73,146,072.32

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	35,371,164.21	91,050,151.54
Total	35,371,164.21	91,050,151.54

(A) Interest receivable

i) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

ii) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether impairment has occurred and the basis for the determination

Other information:

iii) Disclosure by bad debt provisioning method

☐ Applicable ☑ Not applicable

iv) Description of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, description of significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

v) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(B) Dividends receivable

i) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

ii) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Aging	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

iii) Disclosure by bad debt provision method

☐ Applicable ☑ Not applicable

iv) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

v) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of write-off of significant dividends receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(C) Other receivables

i) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	57,390,036.59	58,359,488.42
Contingency fund	3,299,631.80	4,266,054.32
Temporary advances	65,267,719.85	53,793,129.49
Others	2,788,496.44	3,075,192.13
Total	128,745,884.68	119,493,864.36

ii) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	41,952,904.57	58,827,241.25
1-2 years	37,253,684.86	20,069,744.92
2-3 years	15,626,740.92	12,107,775.23
Over 3 years	33,912,554.33	28,489,102.96
3-4 years	9,891,516.70	6,036,139.39
4-5 years	3,407,278.48	12,234,913.80
Over 5 years	20,613,759.15	10,218,049.77
Total	128,745,884.68	119,493,864.36

iii) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	Ratio	Amount	Provisioning ratio		Amount	Ratio	Amount	Provisioning ratio	
Provision for bad debts allowance on an individual basis	60,798,579.43	47.22%	60,798,579.43	100.00%						
Of which:										
Provision for bad debts allowance on a portfolio basis	67,947,305.25	52.78%	32,576,141.04	47.94%	35,371,164.21	119,493,864.36	100.00%	28,443,712.82	23.80%	91,050,151.54
Of which:										
Total	128,745,884.68	100.00%	93,374,720.47	72.53%	35,371,164.21	119,493,864.36	100.00%	28,443,712.82	23.80%	91,050,151.54

Provision for bad debts allowance on an individual basis: 60,798,579.43

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Hangzhou Hemei Property Management Co., Ltd.			942,515.10	942,515.10	100.00%	Excess losses of subsidiary
Hangzhou Huikang Hulian Technology Co., Ltd.			42,029,627.75	42,029,627.75	100.00%	Excess losses of subsidiary
Xinjiang Chuangshi Information Technology Co., Ltd.			6,997,991.93	6,997,991.93	100.00%	Excess losses of subsidiary
Tianjin Chuangjin Technology Co., Ltd.			6,855,165.56	6,855,165.56	100.00%	Excess losses of subsidiary
Wenzhou Huikang Hulian Technology Co., Ltd.			3,973,279.09	3,973,279.09	100.00%	Excess losses of subsidiary
Total			60,798,579.43	60,798,579.43		

Provision for bad debts allowance by portfolio: 32,576,141.04

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Amount due from related parties within the scope of consolidation	4,469,140.42	0.00	
Ageing portfolio	63,478,164.83	32,576,141.04	51.32%
Of which: Within 1 year	13,641,937.26	682,096.86	5.00%
1–2 years	11,667,180.70	2,333,436.14	20.00%
2–3 years	4,258,892.54	1,277,667.76	30.00%
3–4 years	9,891,516.70	4,945,758.35	50.00%
4–5 years	3,407,278.48	2,725,822.78	80.00%
Over 5 years	20,611,359.15	20,611,359.15	100.00%
Total	67,947,305.25	32,576,141.04	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2024	1,058,408.74	903,567.19	26,481,736.89	28,443,712.82
Balance as at 1 January 2024 in the current period				
– Transfer to Stage 2	-583,359.04	583,359.04		
– Transfer to Stage 3		-851,778.51	851,778.51	
Provision for the period	207,047.16	1,698,288.42	63,025,672.07	64,931,007.65
Balance as at 31 December 2024	682,096.86	2,333,436.14	90,359,187.47	93,374,720.47

Basis for classification by stage and bad debt provisioning ratio

The provisioning ratio for bad debts allowance in Stage 1 is 3.77%, for Stage 2 it is 20%, and for Stage 3 it is 91.30%.

Movement in book balance with significant changes in loss allowance during the current period

☐ Applicable ☑ Not applicable

iv) Description of bad debts allowance made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts allowance on an individual basis		60,798,579.43				60,798,579.43
Provision for bad debts allowance on a portfolio basis	28,443,712.82	4,132,428.22				32,576,141.04
Total	28,443,712.82	64,931,007.65				93,374,720.47

Of which, significant amounts of bad debt allowance reversed or recovered during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

v) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of the write-off of other receivables:

vi) Description of top five closing balance of other receivables by debtor

Unit: RMB

Name of entity	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Huikang Hulian	Temporary advances	42,029,627.75	Within 1 year: RMB9,574,608.63; 1–2 years: RMB21,087,170.74, 2–3 years: RMB11,367,848.38	32.65%	42,029,627.75
Fujian Medical University Union Hospital	Deposits or security money	7,367,787.75	Over 5 years	5.72%	7,367,787.75
Xinjiang Chuangshi	Funds lent or borrowed	6,997,991.93	Within 1 year	5.44%	6,997,991.93
Tianjin Chuangjin	Funds lent or borrowed	6,855,165.56	Within 1 year	5.32%	6,855,165.56
Wenzhou Huikang	Funds lent or borrowed	3,973,279.09	Within 1 year: RMB1,058,133.85; 1–2 years: RMB2,915,145.24	3.09%	3,973,279.09
Total		67,223,852.08		52.22%	67,223,852.08

vii) Reported under other receivables due to centralized cash management

Unit: RMB

Other information:

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Investments in subsidiaries	1,729,711,197.35	275,854,705.58	1,453,856,491.77	1,738,211,197.35	149,801,474.82	1,588,409,722.53
Investments in associates and joint ventures	107,643,397.73		107,643,397.73	118,184,037.09		118,184,037.09
Total	1,837,354,595.08	275,854,705.58	1,561,499,889.50	1,856,395,234.44	149,801,474.82	1,706,593,759.62

(A) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period				Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Provision for impairment allowance	Others		
Hangzhou Lianqi	8,951,051.13						8,951,051.13	
Suzhou Yikang	6,000,000.00						6,000,000.00	
Chuangye Nanjing	30,000,000.00						30,000,000.00	
Shanghai Chuanghang	36,000,000.00						36,000,000.00	
Xinjiang Chuangshi		4,250,000.00						4,250,000.00
Beijing Tongkang	503,705.93	2,913,269.97			503,705.93		0.00	3,416,975.90
Chongqing Chuangyikang	16,000,000.00						16,000,000.00	
Tianjin Chuangjin	10,000,000.00				10,000,000.00		0.00	10,000,000.00
Hangzhou Weiqin	1,418,922.28	1,121,977.72					1,418,922.28	1,121,977.72
Zhongtuo Information	109,700,000.00				4,640,297.93		105,059,702.07	4,640,297.93
Zhongshan Hangchuang	20,000,000.00						20,000,000.00	
Huikang IoT Network	1,134,032,314.80	123,967,685.20			91,003,420.15		1,043,028,894.65	214,971,105.35
Zhuoteng Information	29,329,104.80						29,329,104.80	
Hemei Property	1,000,000.00				1,000,000.00		0.00	1,000,000.00
Minotech	77,851,286.07	17,548,541.93			5,455,806.75		72,395,479.32	23,004,348.68
Yikang Research Institute	1,940,000.00						1,940,000.00	
Yuewan Huikang	300,000.00						300,000.00	
Zigong Hangchuang	10,000,000.00						10,000,000.00	
Hainan Huiyi	8,500,000.00			8,500,000.00				
Huikang Hulian	13,450,000.00				13,450,000.00		0.00	13,450,000.00
Wenzhou Health	5,228,102.67						5,228,102.67	
Qingchuang Huikang								
Lanzhou Yuanteng	51,000,000.00						51,000,000.00	
Tianjin Zhanhua	5,950,000.00						5,950,000.00	
Guangzhou Yunwan								
Zhejiang Yishan	11,255,234.85						11,255,234.85	
Yibin Kanghang								
Total	1,588,409,722.53	149,801,474.82		8,500,000.00	126,053,230.76		1,453,856,491.77	275,854,705.58

(B) Investments in associates and joint ventures

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Investment profit and loss recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	15,547,603.18			10,088,016.82	-3,831,316.60	6,718,404.59					8,346,674.35	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	31,581,189.70			5,836,538.96	2,206,036.64						27,950,687.38	
Chengdu Miso Information Technology Co., Ltd.	213,984.41				403,510.41						617,494.82	
Odin Health Limited	13,044,678.81				1,104,009.03						14,148,687.84	
Hongrun Fengyun												
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	30,194,579.91			2,034,900.00	810,110.14						28,969,790.05	
Hangzhou Meiqing Digital Technology Co., Ltd.	27,602,001.08				8,062.21						27,610,063.29	
Subtotal	118,184,037.09			17,959,455.78	700,411.83	6,718,404.59					107,643,397.73	
Total	118,184,037.09			17,959,455.78	700,411.83	6,718,404.59					107,643,397.73	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐ Applicable ☑ Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐ Applicable ☑ Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(C) Other description

4. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	1,106,509,416.90	653,348,474.86	1,312,492,044.68	743,396,992.87
Other operations	3,576,625.74	1,730,035.12	2,849,402.95	563,176.34
Total	1,110,086,042.64	655,078,509.98	1,315,341,447.63	743,960,169.21

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which:						
Software sales	499,649,222.88	268,571,589.94			499,649,222.88	268,571,589.94
Technical services	472,234,655.95	257,782,232.53			472,234,655.95	257,782,232.53
System integration	121,584,488.56	115,136,529.73			121,584,488.56	115,136,529.73
Others	16,617,675.25	13,588,157.78			16,617,675.25	13,588,157.78
By operating region						
Of which:						
Eastern China	531,329,780.00	316,441,336.05			531,329,780.00	316,441,336.05
Southern China	122,166,911.77	87,361,320.28			122,166,911.77	87,361,320.28
Northern China	110,755,057.22	55,276,406.07			110,755,057.22	55,276,406.07
Central China	152,907,695.44	70,348,561.90			152,907,695.44	70,348,561.90
Northwest Region	81,239,878.07	55,550,355.37			81,239,878.07	55,550,355.37
Other regions	111,686,720.14	70,100,530.31			111,686,720.14	70,100,530.31
Market or customer type						
Of which:						
Contract type						
Of which:						

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Classified by time of transfer of goods						
Of which:						
Classified by contract duration						
Of which:						
Classified by sales channel						
Of which:						
Total						

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue amount corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed as at the end of the reporting period was RMB1,409,398,218.09.

Significant contract modifications or significant adjustments to transaction prices

Unit: RMB

Item	Accounting treatment method	Impact on revenue

Other information:

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the cost method	30,000,000.00	
Income from long-term equity investments accounted for using the equity method	700,411.83	5,892,045.97
Investment income from disposal of long-term equity investments	-1,155,705.53	117,015.66
Dividend income from other non-current financial assets during the holding period	661,651.61	4,311,951.33
Total	30,206,357.91	10,321,012.96

6. Others

XX. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gains and losses in the current period

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Gains or losses from disposal of non-current assets	-4,438,636.56	
Government grants included in profit or loss for the period (excluding those closely related to the Company's normal business operations, in compliance with national policy provisions, granted in accordance with established criteria, and having a continuing impact on the Company's profit or loss)	3,816,249.86	
Gains or losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses arising from the disposal of financial assets and financial liabilities, excluding effective hedging transactions related to the Company's normal business operations	19,627,416.08	
Reversal of impairment allowance for receivables subject to individual impairment testing	155,100.00	
Other non-operating revenue and expenses other than those mentioned above	2,189,292.60	
Less: Income tax effect	2,291,658.02	
Effect on minority interests (after tax)	517,939.49	
Total	18,539,824.47	–

Description of other items of profit or loss that meet the definition of non-recurring items:

☐ Applicable ☑ Not applicable

The Company has no other specific items of profit or loss that meet the definition of non-recurring profit or loss.

Description of cases where non-recurring profit or loss items listed in 'Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public – Non-recurring Profit or Loss' have been classified as recurring profit or loss items

☐ Applicable ☑ Not applicable

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	-3.85%	-0.11	-0.11
Net profit attributable to ordinary shareholders of the Company, excluding non-recurring profit and loss	-4.26%	-0.12	-0.12

3. Differences in accounting data under domestic and overseas accounting standards

(A) Differences in net profit and net assets between financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards

☐ Applicable ☑ Not applicable

(B) Differences in net profit and net assets between financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards

☐ Applicable ☑ Not applicable

(C) Description of the reasons for differences in accounting data under domestic and overseas accounting standards; where adjustments have been made to data already audited by an overseas audit firm, the name of that overseas firm should be stated

☐ Applicable ☑ Not applicable

4. Others

SECTION 8 FINANCIAL REPORT

I. AUDIT REPORT

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	14 April 2026
Name of the audit firm	Pan-China Certified Public Accountants LLP
Audit report reference number	Tian Jian Shen [2026] No. 6622
Name of certified public accountants	Weng Zhigang, Peng Min

Text of the Audit Report

To all Shareholders of B-Soft Co., Ltd.:

1. Audit opinion

We have audited the financial statements of B-Soft Co., Ltd. (hereinafter referred to as "B-Soft" or the "Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2025, the consolidated and parent company income statements, cash flow statements and statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of B-Soft as at 31 December 2025, and its consolidated and parent company financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

2. Basis for audit opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in the PRC. Our responsibilities under these standards are further described in the "Certified public accountant's responsibilities for the audit of the financial statements" section of our report. In accordance with 'Chinese Standard on Auditing No. 1 – Independence Requirements for Audits and Reviews of Financial Statements' and the Code of Ethics for Certified Public Accountants in the PRC, we are independent of B-Soft and have fulfilled our other ethical responsibilities. In our audit, we complied with the independence requirements for audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

3. Key audit matters

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

(A) Revenue recognition

a. Descriptions

Details of relevant information are disclosed in Notes III (XXIV) and V(II)1 to the financial statements.

The operating revenue of B-Soft is primarily derived from software sales, system integration and technical services. In 2025, the operating revenue of B-Soft amounted to RMB1,051.7222 million.

As operating revenue is one of B-Soft's key performance indicators, there is an inherent risk that the management of B-Soft (hereinafter referred to as the "management") may achieve specific targets or expectations through inappropriate revenue recognition. Consequently, we have identified revenue recognition as a key audit matter.

b. Audit response

Our principal audit procedures related to revenue recognition included the following, among others:

(i) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Inspect major sales contracts to understand principal contract terms and conditions, and assess the appropriateness of revenue recognition methods;

(iii) Perform analytical procedures on operating revenue and gross profit margins by projects and customers to identify material or unusual fluctuations and ascertain the underlying causes;

(iv) For revenue, selecting items to review relevant supporting documentation, including sales contracts, launch information, and acceptance reports; in conjunction with accounts receivable and contract asset confirmations, selecting items to confirm project revenue and project progress;

(v) Perform cut-off tests to verify that revenue has been recognized in the appropriate period;

(vi) Obtain records of sales return after the balance sheet date to verify whether there are any instances where revenue recognition criteria have not been met as of the balance sheet date;

(vii) Review whether information relating to operating revenue has been appropriately presented and disclosed in the financial statements.

(B) Impairment of goodwill

a. Descriptions

Details of relevant information are disclosed in Notes III(XIX) and V(I)20 to the financial statements.

As at 31 December 2025, the gross carrying amount of goodwill of B-Soft was RMB1,110.4889 million, with an impairment allowance of RMB339.0448 million and a carrying amount of RMB771.444 million.

Management performs impairment testing on goodwill in conjunction with the relevant asset groups or combinations of asset groups, with the recoverable amount of such asset groups or combinations of asset groups determined based on the present value of estimated future cash flows. As the amount of goodwill is material and the impairment testing of goodwill involves significant management judgement, we have identified goodwill impairment as a key audit matter.

b. Audit response

Our principal audit procedures related to impairment of goodwill included the following, among others:

(i) Understand the key internal controls related to impairment of goodwill, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(ii) Review the results of estimates made by management in prior years regarding the present value of estimated future cash flows, or review any subsequent re-estimates made by the management;

(iii) Evaluate the competency, professional qualifications and objectivity of the external valuation experts engaged by the management;

(iv) Evaluate the appropriateness and consistency of the methods used by management in the impairment testing;

(v) Evaluate the appropriateness of the significant assumptions used by management in the impairment testing, and reviewing whether such assumptions are consistent with the general economic environment, industry conditions, operating conditions, historical experience, and relevant assumptions used in other areas of business operations;

(vi) Assess the appropriateness, relevance and reliability of the data used by management in impairment testing, and reviewing the consistency of the relevant information in the impairment testing;

(vii) Test the accuracy of management's calculation of the present value of estimated future cash flows;

(viii) Review whether information relating to goodwill impairment has been appropriately and disclosed in the financial statements.

4. Other information

The management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, the management is responsible for assessing B-Soft's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate B-Soft or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of B-Soft ("those charged with governance") are responsible for overseeing B-Soft's financial reporting process.

6. Certified public accountant's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement if one exists. Misstatements may arise from fraud or error, and a misstatement is generally considered material if it could, individually or in the aggregate, influence the economic decisions of users of the financial statements.

In carrying out our audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism. We also perform the following work:

(A) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and implement audit procedures to address these risks; and obtain sufficient and appropriate audit evidence as a basis for expressing an audit opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations or circumvention of internal controls, the risk of failing to detect a material misstatement resulting from fraud is higher than the risk of failing to detect a material misstatement resulting from error.

(B) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.

(C) Evaluate the appropriateness of the accounting policies selected by management and the reasonableness of the accounting estimates made and related disclosures.

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

(E) Evaluate the overall presentation, structure and content of the financial statements, and assess whether the financial statements give a true and fair view of the relevant transactions and events.

(F) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within B-Soft to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP

Certified Public Accountant in China:
(Engagement Partner)

Hangzhou, China

Certified Public Accountant in China:

14 April 2026

II. FINANCIAL STATEMENTS

The unit of currency in the notes to the financial statements is: RMB

1. Consolidated balance sheet

Prepared by: B-Soft Co., Ltd.

31 December 2025

Currency: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	455,495,476.84	1,018,894,565.64
Balances with clearing agencies		
Placements with banks and other financial institutions		
Financial assets held for trading	1,666,309.40	12,078,867.24
Derivative financial assets		
Notes receivable	144,400.00	7,082,228.17
Accounts receivable	1,421,561,957.38	1,550,479,708.54
Financing receivables	1,177,750.00	1,717,610.00
Prepayments	11,078,131.90	11,198,253.29
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer’s share of insurance contract reserves		
Other receivables	27,720,149.18	35,023,095.83
Of which: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	371,796,243.89	346,607,857.10
Of which: Data resources		
Contract assets	63,631,690.02	91,000,213.42
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	499,039,816.85	1,839,635.89

Item	Closing balance	Opening balance
Total current assets	2,853,311,925.46	3,075,922,035.12
Non-current assets:		
Disbursement of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	152,691,328.66	158,365,587.85
Other investments in equity instruments	2,309,278.21	5,460,671.74
Other non-current financial assets	50,299,299.66	116,660,978.06
Investment properties	125,935,629.34	130,258,994.18
Fixed assets	488,193,114.36	495,252,732.28
Construction in progress		1,590,322.82
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	3,139,511.11	12,196,808.87
Intangible assets	716,575,675.18	732,986,470.85
Of which: Data resources		
Development expenditure	6,189,148.89	6,316,953.43
Of which: Data resources		
Goodwill	771,444,041.98	866,751,146.77
Long-term prepaid expenses		354,367.08
Deferred tax assets	107,008,885.59	66,015,637.67
Other non-current assets		
Total non-current assets	2,423,785,912.98	2,592,210,671.60
Total assets	5,277,097,838.44	5,668,132,706.72
Current liabilities:		
Short-term borrowings	59,679,210.67	49,839,086.81
Loans from the central bank		
Taking from banks and other financial institutions		
Financial liabilities held for trading	2,550,000.00	5,100,000.00
Derivative financial liabilities		
Notes payable	6,452,450.70	38,725,454.64

Item	Closing balance	Opening balance
Accounts payable	694,470,679.84	676,585,555.82
Receipts in advance	23,161.75	84,501.44
Contract liabilities	163,874,083.90	136,637,645.86
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	63,882,396.79	52,312,562.04
Taxes payable	158,901,638.99	178,492,360.00
Other payables	19,358,317.75	25,401,879.37
Of which: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	2,121,956.04	4,865,733.44
Other current liabilities	26,181,755.54	14,070,612.18
Total current liabilities	1,197,495,651.97	1,182,115,391.60
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	523,303.53	6,722,720.84
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	927,750.00	210,000.00
Deferred income	5,038,593.58	5,624,169.12
Deferred tax liabilities		
Other non-current liabilities		

Item	Closing balance	Opening balance
Total non-current liabilities	6,489,647.11	12,556,889.96
Total liabilities	1,203,985,299.08	1,194,672,281.56
Owners' equity:		
Share capital	1,549,124,692.00	1,549,124,692.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,510,091,277.22	1,548,522,169.19
Less: Treasury shares		31,000,786.19
Other comprehensive income	1,721,198.88	1,849,257.53
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
General risk provision		
Undistributed profit	811,572,119.41	1,213,225,708.93
Total equity attributable to owners of the parent company	4,010,036,186.21	4,419,247,940.16
Minority interests	63,076,353.15	54,212,485.00
Total owners' equity	4,073,112,539.36	4,473,460,425.16
Total liabilities and owners' equity	5,277,097,838.44	5,668,132,706.72

Legal Representative: Zhang Lüzheng Chief Financial Officer: Ma Wenhao Chief Accountant: Ma Wenhao

2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	242,638,816.71	539,158,254.11
Financial assets held for trading		
Derivative financial assets		
Notes receivable	144,400.00	7,082,228.17
Accounts receivable	1,301,317,857.88	1,442,954,639.77
Financing receivables	383,000.00	1,717,610.00
Prepayments	9,554,063.85	8,116,950.92
Other receivables	26,981,838.32	35,371,164.21
Of which: Interest receivable		
Dividends receivable		
Inventories	344,087,526.11	311,627,384.94
Of which: Data resources		
Contract assets	58,376,907.49	87,501,839.00
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	136,964,079.04	
Total current assets	2,120,448,489.40	2,433,530,071.12
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,451,540,743.58	1,561,499,889.50
Other investments in equity instruments	2,309,278.21	5,460,671.74
Other non-current financial assets	50,299,299.66	116,660,978.06
Investment properties	124,019,196.62	128,120,636.22
Fixed assets	435,503,035.51	438,819,784.67
Construction in progress		1,590,322.82
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	2,753,788.45	11,028,635.89

Item	Closing balance	Opening balance
Intangible assets	656,904,696.16	654,728,111.42
Of which: Data resources		
Development expenditure		6,830,365.86
Of which: Data resources		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	140,512,479.96	89,100,542.13
Other non-current assets		
Total non-current assets	2,863,842,518.15	3,013,839,938.31
Total assets	4,984,291,007.55	5,447,370,009.43
Current liabilities:		
Short-term borrowings		50,000.00
Financial liabilities held for trading	2,550,000.00	5,100,000.00
Derivative financial liabilities		
Notes payable	4,110,950.70	16,698,904.64
Accounts payable	953,496,985.58	895,614,161.62
Receipts in advance	23,161.75	
Contract liabilities	145,471,577.27	114,979,623.72
Employee benefits payable	34,858,200.84	28,153,787.91
Taxes payable	136,844,800.82	154,794,657.30
Other payables	206,800,550.79	227,932,707.49
Of which: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	1,923,631.04	4,072,601.59
Other current liabilities	15,290,680.90	12,794,812.33
Total current liabilities	1,501,370,539.69	1,460,191,256.60

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Lease liabilities	523,303.53	6,525,192.97
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	927,750.00	210,000.00
Deferred income	4,667,052.76	4,772,169.12
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	6,118,106.29	11,507,362.09
Total liabilities	1,507,488,645.98	1,471,698,618.69
Owners' equity:		
Share capital	1,549,124,692.00	1,549,124,692.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,615,947,147.72	1,656,713,061.41
Less: Treasury shares		31,000,786.19
Other comprehensive income	1,721,198.88	1,849,257.53
Special reserve		
Surplus reserve	137,526,898.70	137,526,898.70
Undistributed profit	172,482,424.27	661,458,267.29
Total owners' equity	3,476,802,361.57	3,975,671,390.74
Total liabilities and owners' equity	4,984,291,007.55	5,447,370,009.43

3. Consolidated income statement

Unit: RMB

Item	2025	2024
I. Total operating revenue	1,051,722,248.27	1,422,645,163.08
Of which: Operating revenue	1,051,722,248.27	1,422,645,163.08
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	1,262,240,997.89	1,349,492,033.11
Of which: Operating cost	676,985,568.39	779,896,550.73
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims expenses		
Net provision for insurance contracts reserve		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and surcharges	11,662,935.25	13,217,176.55
Selling expenses	88,536,330.02	120,701,568.66
Administrative expenses	199,247,765.56	209,145,763.83
Research and development expenses	295,647,429.89	269,281,209.76
Finance costs	-9,839,031.22	-42,750,236.42
Of which: Interest expenses	1,055,144.35	1,239,176.75
Interest income	11,379,324.03	44,202,804.23
Add: Other income	41,460,861.52	21,793,568.94
Investment income (losses are indicated by a '-' sign)	23,500,849.61	-2,249,302.71
Of which: Income from investments in associates and joint ventures	2,274,415.42	383,408.88
Income from derecognition of financial assets measured at amortized cost		

Item	2025	2024
Foreign exchange gains (losses are indicated by a '-' sign)		
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	-12,572,227.45	19,178,596.03
Credit impairment losses (losses are indicated by a '-' sign)	-134,303,002.88	-144,443,218.12
Impairment losses on assets (losses are indicated by a '-' sign)	-122,489,810.77	-130,444,999.37
Gains from disposal of assets (losses are indicated by a '-' sign)	643,729.33	21,162.70
III. Operating profit (losses are indicated by a '-' sign)	-414,278,350.26	-162,991,062.56
Add: Non-operating revenue	3,191,849.89	3,799,588.34
Less: Non-operating expenses	4,469,101.64	2,326,911.75
IV. Total profit (total losses are indicated by a '–' sign)	-415,555,602.01	-161,518,385.97
Less: Income tax expense	-25,100,902.36	5,812,922.83
V. Net profit (net losses are indicated by a '-' sign)	-390,454,699.65	-167,331,308.80
(i) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net losses are indicated by a "–" sign)	-390,454,699.65	-167,331,308.80
2. Net profit from discontinued operations (net losses are indicated by a "–" sign)		
(ii) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company	-401,653,589.52	-173,520,591.61
2. Profit or loss attributable to minority interests	11,198,889.87	6,189,282.81
VI. Other comprehensive income, net of tax	-128,058.65	6,498,668.17
Other comprehensive income attributable to owners of the parent company, net of tax	-128,058.65	6,498,668.17
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-128,058.65	6,498,668.17
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	3,023,334.88	6,718,404.59
3. Changes in fair value of other investments in equity instruments	-3,151,393.53	-219,736.42
4. Changes in fair value of the entity's own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Credit impairment allowance for other debt investments		
5. Reserve for cash flow hedges		

Item	2025	2024
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
Net amount of other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	-390,582,758.30	-160,832,640.63
Total comprehensive income attributable to owners of the parent company	-401,781,648.17	-167,021,923.44
Total comprehensive income attributable to minority interests	11,198,889.87	6,189,282.81
VIII. Earnings per share		
(i) Basic earnings per share	-0.26	-0.11
(ii) Diluted earnings per share	-0.26	-0.11

Legal Representative: Zhang Lüzheng Chief Financial Officer: Ma Wenhao Chief Accountant: Ma Wenhao

4. Income statement of the parent company

Unit: RMB

Item	2025	2024
I. Operating revenue	869,468,808.58	1,110,086,042.64
Less: Operating cost	685,514,439.27	655,078,509.98
Taxes and surcharges	8,463,808.68	9,945,626.54
Selling expenses	75,099,727.16	97,528,059.75
Administrative expenses	163,115,075.48	164,306,139.13
Research and development expenses	215,410,603.78	204,402,738.85
Finance costs	-28,912.49	-19,488,330.54
Of which: Interest expenses	3,096,716.97	5,825,839.20
Interest income	3,393,578.90	25,462,809.20
Add: Other income	15,394,023.73	17,117,885.42
Investment income (losses are indicated by a '-' sign)	13,533,027.20	30,206,357.91
Of which: Income from investments in associates and joint ventures	2,619,075.70	700,411.83
Income from derecognition of financial assets measured at amortized cost (losses are indicated by a '-' sign)		
Gains from net exposure hedging (losses are indicated by a '-' sign)		
Gains from changes in fair value (losses are indicated by a '-' sign)	-12,574,824.59	19,148,124.60
Credit impairment loss (losses are indicated by a '-' sign)	-142,339,307.21	-201,282,693.55
Impairment losses on assets (losses are indicated by a '-' sign)	-131,622,299.94	-155,255,235.95
Gains from disposal of assets (losses are indicated by a '-' sign)	62,400.42	-44,221.06

Item	2025	2024
II. Operating profit (losses are indicated by a '-' sign)	-535,652,913.69	-291,796,483.70
Add: Non-operating revenue	1,701,264.76	3,268,206.15
Less: Non-operating expenses	4,321,427.41	2,057,662.64
III. Total profit (total losses are indicated by a '–' sign)	-538,273,076.34	-290,585,940.19
Less: Income tax expense	-49,297,233.32	-21,921,112.89
IV. Net profit (net losses are indicated by a '-' sign)	-488,975,843.02	-268,664,827.30
(i) Net profit from continuing operations (net losses are indicated by a "–" sign)	-488,975,843.02	-268,664,827.30
(ii) Net profit from discontinued operations (net losses are indicated by a "–" sign)		
V. Other comprehensive income, net of tax	-128,058.65	6,498,668.17
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-128,058.65	6,498,668.17
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	3,023,334.88	6,718,404.59
3. Changes in fair value of other investments in equity instruments	-3,151,393.53	-219,736.42
4. Changes in fair value of the entity's own credit risk		
5. Others		
(ii) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Credit Impairment allowance for other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	-489,103,901.67	-262,166,159.13
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,269,066,362.91	1,411,242,934.96
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash received from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Tax refunds received	16,841,569.65	17,860,546.81
Other cash receipts relating to operating activities	56,944,525.19	65,731,894.20
Subtotal of cash inflows from operating activities	1,342,852,457.75	1,494,835,375.97
Cash payments for goods purchased and services received	522,377,095.83	539,325,165.26
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash paid to employees and on behalf of employees	595,156,327.32	578,784,133.77
Payment of various types of taxes	102,256,831.17	85,279,425.69
Other cash payments relating to operating activities	144,261,231.66	176,713,817.49
Subtotal of cash outflows from operating activities	1,364,051,485.98	1,380,102,542.21
Net cash flow from operating activities	-21,199,028.23	114,732,833.76

Item	2025	2024
II. Cash flows from investing activities:		
Cash received from recovery of investment	11,964,237.28	38,567,908.33
Cash received from investment income	60,359,222.65	1,152,849.74
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	1,875,499.56	1,007,012.50
Net cash received from the disposal of subsidiaries and other business entities		
Other cash receipts related to investing activities	1,083,666,287.74	112,800,000.00
Subtotal of cash inflows from investing activities	1,157,865,247.23	153,527,770.57
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	172,311,247.47	242,740,611.19
Cash paid for investments	4,550,000.00	5,100,000.00
Net increase in pledged loans receivable		
Net cash paid for the acquisition of subsidiaries and other business entities		
Other cash payments relating to investing activities	1,553,280,000.00	118,755,789.29
Subtotal of cash outflows from investing activities	1,730,141,247.47	366,596,400.48
Net cash flow from investing activities	-572,276,000.24	-213,068,629.91
III. Cash flows from financing activities:		
Cash received from investment		
Of which: Cash received by subsidiaries from minority interests		
Cash received from borrowings	59,218,266.67	57,076,875.00
Other cash receipts relating to financing activities	23,068,792.00	1,590,000.00
Subtotal of cash inflows from financing activities	82,287,058.67	58,666,875.00
Cash repayments of borrowings	49,726,875.00	7,300,000.00
Cash paid for distribution of dividends, profits or repayment of interest	344,618.85	16,036,195.36
Of which: dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	4,040,280.24	8,474,082.00
Subtotal of cash outflows from financing activities	54,111,774.09	31,810,277.36
Net cash flow from financing activities	28,175,284.58	26,856,597.64
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-565,299,743.89	-71,479,198.51
Add: Opening balance of cash and cash equivalents	1,015,947,299.86	1,087,426,498.37
VI. Closing balance of cash and cash equivalents	450,647,555.97	1,015,947,299.86

6. Statement of cash flows of the parent company

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,068,766,947.94	1,076,482,092.14
Tax refunds received	13,626,808.84	15,578,662.75
Other cash receipts relating to operating activities	13,995,519.95	39,236,544.80
Subtotal of cash inflows from operating activities	1,096,389,276.73	1,131,297,299.69
Cash payments for goods purchased and services received	539,142,881.75	346,244,050.49
Cash paid to employees and on behalf of employees	471,064,005.46	461,801,622.63
Payment of various types of taxes	57,060,578.20	37,961,007.95
Other cash payments relating to operating activities	103,320,019.55	183,067,313.71
Subtotal of cash outflows from operating activities	1,170,587,484.96	1,029,073,994.78
Net cash flow from operating activities	-74,198,208.23	102,223,304.91
II. Cash flows from investing activities:		
Cash received from recovery of investment	11,964,237.28	38,567,908.33
Cash received from investment income	59,168,446.86	30,661,651.61
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	307,550.00	890,700.00
Net cash received from the disposal of subsidiaries and other business entities		
Other cash receipts relating to investing activities	554,469,140.42	53,793,129.49
Subtotal of cash inflows from investing activities	625,909,374.56	123,913,389.43
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	154,860,372.24	220,201,949.61
Cash paid for investments	4,550,000.00	5,100,000.00
Net cash paid for the acquisition of subsidiaries and other business entities		
Other cash payments relating to investing activities	682,895,492.23	4,469,140.42
Subtotal of cash outflows from investing activities	842,305,864.47	229,771,090.03
Net cash flow from investing activities	-216,396,489.91	-105,857,700.60

Item	2025	2024
III. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings		50,000.00
Other cash receipts relating to financing activities	212,691,265.34	216,472,790.51
Subtotal of cash inflows from financing activities	212,691,265.34	216,522,790.51
Cash repayments of borrowings		
Cash paid for distribution of dividends, profits or repayment of interest	71,493.85	15,484,346.17
Other cash payments relating to financing activities	220,844,165.84	277,190,358.09
Subtotal of cash outflows from financing activities	220,915,659.69	292,674,704.26
Net cash flow from financing activities	-8,224,394.35	-76,151,913.75
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-298,819,092.49	-79,786,309.44
Add: Opening balance of cash and cash equivalents	536,744,553.08	616,530,862.52
VI. Closing balance of cash and cash equivalents	237,925,460.59	536,744,553.08

7. Consolidated statement of changes in equity

Amount for the current period

Unit: RMB

Item	2025														
	Equity attributable to owners of the parent company													Minority interests	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,124,692.00				1,548,522,169.19	31,000,786.19	1,849,257.53		137,526,898.70		1,213,225,708.93		4,419,247,940.16	54,212,485.00	4,473,460,425.16
Add: Change in accounting policy															
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,124,692.00				1,548,522,169.19	31,000,786.19	1,849,257.53		137,526,898.70		1,213,225,708.93		4,419,247,940.16	54,212,485.00	4,473,460,425.16
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)					-38,430,891.97	-31,000,786.19	-128,058.65				-401,653,589.52		-409,211,753.95	8,863,868.15	-400,347,885.80
(i) Total comprehensive income							-128,058.65				-401,653,589.52		-401,781,648.17	11,198,889.87	-390,582,758.30
(ii) Capital contribution and capital decrease by owners					-38,444,986.56	-31,000,786.19							-7,444,200.37	-2,335,021.72	-9,779,222.09
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					-22,041,524.09								-22,041,524.09		-22,041,524.09
4. Others					-16,403,462.47	-31,000,786.19							14,597,323.72	-2,335,021.72	12,262,302.00
(iii) Profit distribution															
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															

Item	2025														
	Equity attributable to owners of the parent company												Minority interests	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
(iv) Internal transfers within owners' equity															
1. Capitalization of capital reserve (or conversion to share capital)															
2. Capitalization of surplus reserve (or conversion to share capital)															
3. Use surplus reserve to make up for losses															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(v) Special reserve															
1. Allocation in the current period															
2. Utilization in the current period															
(vi) Others					14,094.59								14,094.59		14,094.59
IV. Closing balance in the current period	1,549,124,692.00				1,510,091,277.22		1,721,198.88		137,526,898.70		811,572,119.41		4,010,036,186.21	63,076,353.15	4,073,112,539.36

Amount for the previous period

Unit: RMB

Item	2024														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I. Closing balance in the previous year	1,549,124,692.00				1,552,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11	57,903,123.34	4,663,883,542.45
Add: Change in accounting policy															
Correction of errors for previous period															
Others															
II. Opening balance for the current year	1,549,124,692.00				1,552,788,459.78	31,000,786.19	-4,649,410.64		137,526,898.70		1,402,190,565.46		4,605,980,419.11	57,903,123.34	4,663,883,542.45
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)					-4,266,290.59		6,498,668.17				-188,964,856.53		-186,732,478.95	-3,690,638.34	-190,423,117.29
(i) Total comprehensive income							6,498,668.17				-173,520,591.61		-167,021,923.44	6,189,282.81	-160,832,640.63
(ii) Capital contribution and capital decrease by owners					-4,266,290.59								-4,266,290.59		-4,266,290.59
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity					-4,266,290.59								-4,266,290.59		-4,266,290.59
4. Others															
(iii) Profit distribution											-15,444,264.92		-15,444,264.92		-15,444,264.92
1. Allocation to surplus reserve															
2. Allocation to general risk provision															
3. Allocation to owners (or shareholders)											-15,444,264.92		-15,444,264.92		-15,444,264.92
4. Others															

Item	2024																
	Equity attributable to owners of the parent company														Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
		Preference shares	Perpetual bonds	Others												
(iv) Internal transfers within owners' equity																
1. Capitalization of capital reserve (or conversion to share capital)																
2. Capitalization of surplus reserve (or conversion to share capital)																
3. Use surplus reserve to make up for losses																
4. Retained earnings carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income																
6. Others																
(v) Special reserve																
1. Allocation in the current period																
2. Utilization in the current period																
(vi) Others															-9,879,921.15	-9,879,921.15
IV. Closing balance in the current period	1,549,124,692.00				1,548,522,169.19	31,000,786.19	1,849,257.53		137,526,898.70		1,213,235,708.93		4,419,247,940.16		54,212,485.00	4,473,460,425.16

8. Statement of changes in equity of the parent company

Amount for the current period

Unit: RMB

Item	2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Closing balance in the previous year	1,549,124,692.00				1,656,713,061.41	31,000,786.19	1,849,257.53		137,526,898.70	661,458,267.29		3,975,671,390.74
Add: Change in accounting policy												
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,124,692.00				1,656,713,061.41	31,000,786.19	1,849,257.53		137,526,898.70	661,458,267.29		3,975,671,390.74
III. Amount of increase or decrease in the current period (decrease is indicated by a "-" sign)					-40,765,913.69	-31,000,786.19	-128,058.65			-488,975,843.02		-498,869,029.17
(i) Total comprehensive income							-128,058.65			-488,975,843.02		-489,103,901.67
(ii) Capital contribution and capital decrease by owners					-40,780,008.28	-31,000,786.19						-9,779,222.09
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					-22,041,524.09							-22,041,524.09
4. Others					-18,738,484.19	-31,000,786.19						12,262,302.00
(iii) Profit distribution												
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)												
3. Others												

Item	2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
(iv) Internal transfers within owners' equity												
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others					14,094.59							14,094.59
IV. Closing balance in the current period	1,549,124,692.00				1,615,947,147.72		1,721,198.88		137,526,898.70	172,462,424.27		3,476,802,361.57

Amount for the previous period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Closing balance in the previous year	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38
Add: Change in accounting policy												
Correction of errors for previous period												
Others												
II. Opening balance for the current year	1,549,124,692.00				1,660,979,352.00	31,000,786.19	-4,649,410.64		137,526,898.70	945,567,359.51		4,257,548,105.38
III. Amount of increase or decrease in the current period (decrease is indicated by a "–" sign)					-4,266,290.59		6,498,668.17			-284,109,092.22		-281,876,714.64
(i) Total comprehensive income							6,498,668.17			-268,664,827.30		-262,166,159.13
(ii) Capital contribution and capital decrease by owners					-4,266,290.59							-4,266,290.59
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity					-4,266,290.59							-4,266,290.59
4. Others												
(iii) Profit distribution										-15,444,264.92		-15,444,264.92
1. Allocation to surplus reserve												
2. Allocation to owners (or shareholders)										-15,444,264.92		-15,444,264.92
3. Others												

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
(iv) Internal transfers within owners' equity												
1. Capitalization of capital reserve (or conversion to share capital)												
2. Capitalization of surplus reserve (or conversion to share capital)												
3. Use surplus reserve to make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(v) Special reserve												
1. Allocation in the current period												
2. Utilization in the current period												
(vi) Others												
IV. Closing balance in the current period	1,549,124,692.00				1,656,713,061.41	31,000,786.19	1,849,257.53		137,526,898.70	661,458,267.29		3,975,671,390.74

III. BASIC INFORMATION ABOUT THE COMPANY

Upon the approval by the Leading Group for Listed Companies of Zhejiang Provincial People's Government under the "Approval on the Change and Establishment of Hangzhou Chuangye Software Co., Ltd." (Zhe Shang Shi [2002] No. 33), B-Soft Co., Ltd. (hereinafter referred to as the "Company") was restructured in its entirety and established by Hangzhou Chuangye Software Group Co., Ltd. based on its net assets as of 31 March 2002 and registered with the Zhejiang Provincial Administration for Industry and Commerce on 27 June 2002. Its headquarters are located in Hangzhou, Zhejiang Province. The Company currently holds a business licence with the Unified Social Credit Code 9133000025393934X6, with registered capital of RMB1,549,124,692.00 and a total of 1,549,124,692 shares (par value of RMB1 per share). Of these, there are 22,430,922 A-shares subject to trading restrictions; and 1,526,693,770 A-shares with no trading restrictions. The Company's shares were listed on the Shenzhen Stock Exchange on 14 May 2015.

The Company operates in the software industry. Its principal business activities include software sales, system integration and technical services..

These financial statements were approved for issue by the 2nd meeting of the Company's 9th Board of Directors on 14 April 2026.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Company's financial statements are prepared on a going-concern basis.

2. Going concern

The Company has detected no events or circumstances that may cast significant doubt upon its ability to continue as a going concern within 12 months from the reporting period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders on specific accounting policies and accounting estimates:

Important note: The Company has formulated the specific accounting policies and made the specific accounting estimates with respect to the impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, recognition of revenue and other transactions and events according to the actual production and operation characteristics of the Company.

1. Statement on compliance with accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and present a true and fair view of the Company's financial position, results of operations and cash flows, as well as other relevant information.

2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company has a relatively short operating cycle, and determines the liquidity of assets and liabilities on the basis of 12 months.

4. Functional currency

Renminbi is adopted as the functional currency.

5. Method for determination and basis for selection of materiality criteria

☑ Applicable ☐ Not applicable

Item	Materiality threshold
Significant accounts receivable for which provisions for individual bad debt allowance is made	Individual amount exceeds 0.50% of total assets
Recovery or reversal of allowance for bad debts on significant accounts receivables	Individual amount exceeds 0.50% of total assets
Significant write-off of accounts receivable	Individual amount exceeds 0.50% of total assets
Significant write-off of other receivables	Individual amount exceeds 0.50% of total assets
Significant prepayments aged over one year	Individual amount exceeds 0.50% of total assets
Significant construction-in-progress projects	Total investment in a single project exceeds 0.50% of total assets
Significant accounts payable aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant other payables aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant receipts in advance aged over 1 year or which are past due	Individual amount exceeds 0.50% of total assets
Significant contract liabilities aged over 1 year	Individual amount exceeds 0.50% of total assets
Significant cash flows from investing activities	Individual amount exceeds 10% of total assets
Significant capitalized R&D projects and externally acquired R&D projects	Individual amount exceeds 0.50% of total assets
Significant subsidiaries and non-wholly-owned subsidiaries	Total assets or total revenue or total profit exceeds 15% of the Group's total assets or total revenue or total profit
Significant joint ventures and associates	The carrying amount of an individual long-term equity investment exceeds 15% of the Group's net assets, or individual income from investments accounted for using the equity method exceeds 15% of the Group's total profit

6. Accounting treatment of business mergers involving entities under common control and business mergers not involving entities under common control

a. Accounting treatment of business mergers involving entities under common control

Assets and liabilities that are obtained by the Company in a business merger shall be measured at their carrying values in the consolidated financial statements of the ultimate controller at the merger date as recorded by the acquiree. The difference between the carrying value of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying value of the total consideration paid or total par value of the shares issued in connection with the merger is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

b. Accounting treatment of business mergers not involving entities under common control

Where the cost of the merger exceeds the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill at the date of acquisition. Where the cost of merger is lower than the Company's share of the fair value of the acquiree's identifiable net assets, the Company reviews the measurement of the fair value of each of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of merger, and if the cost of merger as reviewed is still lower than the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss in the current period.

7. Criteria for determining control and method for preparing consolidated financial statements

(i) Determination of control

Control is determined when the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

(ii) Method of preparation of consolidated financial statements

The parent company includes all of its controlled subsidiaries in its consolidated financial statements. The consolidated financial statements are prepared by the parent company in accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, on the basis of the respective financial statements of the parent company and its subsidiaries, by reference to other relevant data.

8. Classification of joint arrangements and accounting treatment for joint operations

a. Joint arrangements are classified as joint operations or joint ventures.

b. Where the Company is a partner in a joint operation, it shall recognize the following items relating to its share of interest in the joint operation:

(i) Recognize assets held solely by the Company, as well as jointly held assets in proportion to its ownership interest;

(ii) Recognize liabilities borne solely by the Company, and recognize jointly borne liabilities in proportion to its ownership interest;

(iii) Recognize revenue arising from the sale of the Company's share of the joint operation's output;

(iv) Recognize revenue arising from the disposal of assets by the joint operation in proportion to the Company's shareholding;

(v) Recognize expenses incurred on a stand-alone basis, and recognize expenses arising from joint operations in proportion to the Company's shareholding.

9. Criteria for recognition of cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of financial statements

Upon initial recognition, foreign currency transactions are translated into RMB using the spot exchange rates or approximations thereto at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from such translations are recognized in profit or loss in the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets and accrued interest. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates approximating those prevailing at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, and exchange differences arising from such translations are recognized in profit or loss in the current period or other comprehensive income.

11. Financial instruments

a. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified into: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified into: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (3) financial guarantee contracts not falling under items (1) or (2), and loan commitments not falling under item (1) and at below-market interest rate; and (4) financial liabilities at amortized cost.

b. Basis for recognition, measurement methods and derecognition criteria for financial assets and financial liabilities

(i) Basis for recognition and initial measurement of financial assets and financial liabilities

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss in the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, where the accounts that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price defined in the Accounting Standards for Business Enterprises No. 14 – Revenue.

(ii) Subsequent measurement of financial assets

ii.i) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses on financial assets at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition, reclassification, amortization using the effective interest method or recognition of impairment.

ii.ii) Investments in debt instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in profit or loss in the current period.

ii.iii) Investments in equity instruments at fair value through other comprehensive income

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss in the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

ii.iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses thereon, including interest and dividend income, are recognized in profit or loss in the current period, except the financial assets belonging to any hedging relationship.

(iii) Subsequent measurement of financial liabilities

iii.i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities), and financial liabilities directly designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated as at fair value through profit or loss arising out of changes in the Company's credit risk are recognized in other comprehensive income, unless such treatment will result in or increase any accounting mismatch in profit or loss. Other gains or losses on such financial liabilities, including interest expenses and changes in fair value not arising out of changes in the Company's credit risk, are recognized in profit or loss in the current period, except the financial liabilities belonging to any hedging relationship. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed from other comprehensive income and included in retained earnings.

iii.ii) Financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred

Such financial liabilities are measured in accordance with the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iii.iii) Financial guarantee contracts not falling under items iii.i) and iii.ii) above, and loan commitments not falling under item iii.i) above and below market interest rate

Such financial liabilities are subsequently measured at the higher of ① allowance for expected credit losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with Accounting Standards for Business Enterprises No. 14 – Revenue.

iii.iv) Financial liabilities at amortized cost

Such financial liabilities are measured at amortized cost using the effective interest method. Gains or losses on financial liabilities at amortized cost that do not belong to any hedging relationship are recognized in profit or loss in the current period upon derecognition or amortization using the effective interest method.

(iv) Derecognition of financial assets and financial liabilities

iv.i) Financial assets are derecognized when:

① the contractual right to receive cash flows from the financial assets has expired;

② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

iv.ii) A financial liability (or part thereof) is derecognized when all or part of the present obligations thereon have been discharged.

c. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be). If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company shall not derecognize the financial asset. If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (i) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); and (ii) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (i) the carrying value of the financial asset transferred at the date of derecognition; and (ii) the sum of the consideration received from the transfer of the financial asset and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period. If part of a financial asset is transferred and the part transferred entirely meets the criteria for derecognition, the total carrying value of the financial asset immediately prior to the transfer is allocated between the part derecognized and the part not derecognized in proportion to their relative fair value at the date of transfer, and the difference between (i) the carrying value of the part derecognized and (ii) the sum of the consideration received from the transfer of the part derecognized and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss in the current period.

d. Determination of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of other information to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

(i) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;

(ii) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;

(iii) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligation incurred in business mergers, and financial forecasts made using own data.

e. Impairment of financial instruments

The Company carries out impairment treatment and determines impairment losses of financial assets at amortized cost, investments in debt instruments at fair value with changes accrued to other comprehensive income, contract assets, lease receivables, loan commitments other than financial liabilities at fair value with changes accrued to current profit or loss, and financial guarantee contracts other than financial liabilities at fair value with changes accrued to current profit or loss and other than financial liabilities arising as a result of the transfer of financial assets that does not meet the criteria for derecognition or that continues being involved in the financial assets transferred, on the basis of expected credit losses.

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the present value of the difference between all contractual cash flows receivable under the contract and estimated future cash flows discounted at the original effective interest rate, i.e., the present value of all cash shortage, wherein the Company's purchased or originated financial assets that have become credit impaired are discounted at their credit-adjusted effective interest rate.

With respect to purchased or originated financial assets that have become credit impaired, at the balance sheet date, the Company recognizes a loss allowance equal to the cumulative amount of changes in lifetime expected credit losses since initial recognition.

With respect to lease receivables, receivables and contract assets arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue, the Company applies the simplified approach and measures the loss allowance at an amount equal to lifetime expected credit losses.

With respect to financial assets not using the measurement methods stated above, at each balance sheet date, the Company assesses whether the credit risk has increased significantly since initial recognition, and recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition.

The Company uses reasonable and supportable information, including forward-looking information, and compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition.

At the balance sheet date, if the Company determines that a financial instrument has low credit risk, the Company assumes that its credit risk has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses of financial instruments individually or collectively. When assessing the portfolio of financial instruments, the Company includes the financial instruments in different groups according to their common risk characteristics.

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of loss allowance recognized in profit or loss in the current period as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying value recorded in the balance sheet is written off against the loss allowance. With respect to an investment in debt instruments at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income, without reducing its carrying value.

f. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are satisfied simultaneously, the Company presents the net amount after offsetting in the balance sheet: (i) the Company has a legally enforceable right to offset the recognized amounts, and such right is currently enforceable; and (ii) the Company intends to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not satisfy the conditions for derecognition, the Company does not offset the transferred financial assets and the related liabilities.

g. Criteria for recognition and methods for provision of expected credit losses on receivables and contract assets

(i) Receivables and contract assets for which expected credit losses are measured on a collective basis based on credit risk characteristics

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Bank acceptance bills receivable	Type of notes	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Commercial/finance company acceptance bills receivable		Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of notes receivable

Portfolio category	Basis for determining the portfolio	Method for measuring expected credit losses
Accounts receivable/contract assets – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of accounts receivable
Accounts receivable/contract assets – intra-group related parties within the scope of consolidation	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss over the lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Other receivables – intra-group related parties within the scope of consolidation	Nature of amount	Calculate the expected credit losses according to the default risk exposure and the rate of expected credit loss within the next 12 months or lifetime by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions
Other receivables – ageing portfolio	Ageing	Calculate expected credit losses by reference to historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, through preparing a comparison table that correlates the ageing of other receivables

(ii) Comparison table of ageing portfolio and expected credit loss rates

Ageing	Expected credit loss rate for commercial/finance company acceptance bills receivable (%)	Expected credit loss rate for accounts receivable/contract assets (%)	Expected credit loss rate for other receivables (%)
Within 1 year (inclusive, same below)	5.00	5.00	5.00
1–2 years	20.00	20.00	20.00
2–3 years	30.00	30.00	30.00
3–4 years	50.00	50.00	50.00
4–5 years	80.00	80.00	80.00
Over 5 years	100.00	100.00	100.00

The ageing of commercial/finance company acceptance bills receivable/accounts receivable/ contract assets/other receivables is calculated from the month in which the amounts are actually incurred.

iii) Criteria for determining receivables and contract assets for which expected credit losses are measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from the credit risk of the portfolio, the Company measures expected credit losses on an individual basis.

12. Notes receivable

13. Accounts receivable

14. Financing receivables

15. Other receivables

16. Contract assets

17. Inventories

a. Classification of inventories

Inventories comprise finished goods or merchandise held for sale in the ordinary course of business, work-in-progress, and materials and supplies consumed in the production process or in the process of rendering of services.

b. Pricing method for inventories issued

Inventories issued are measured using the weighted average method calculated at month-end.

c. Inventory systems for inventories

The perpetual inventory system is adopted.

d. Amortization of low-value consumables and packing materials

(i) Low-value consumables

The low-value consumables are amortized using direct write-off method.

(ii) Packaging materials

The packing materials are amortized using direct write-off method.

e. Provision for inventory write-down

Recognition criteria and methods for provision for inventory write-down

On the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held directly for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price of the finished goods produced less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; on the balance sheet date, when only part of the same item of inventories has agreed price while the other part does not, their net realizable value is determined separately and is compared with their respective costs to determine the provision for inventory write-down to be made or reversed.

18. Held-for-sale assets

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

a. Judgment criteria of joint control and significant influence

Joint control is the agreed sharing of control over an arrangement, and the decision in relation to the relevant activities of such arrangement may only be made upon the unanimous consent of the parties sharing control. Significant influence is the power of the investing enterprise to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies.

b. Determination of investment cost

(i) In case of an equity investment acquired through a business merger involving entities under common control, if the acquirer pays consideration for the business merger by cash, transfer of non-cash assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid for the merger or the total par value of the shares issued (as applicable) is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

In case of a long-term equity investment acquired through a business merger involving entities under common control and through multiple transactions by steps, the Company judges whether they constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the initial investment cost is the Company's post-merger share of the carrying value of the net assets of the acquiree in the consolidated financial statements of the ultimate controller at the date of merger. The difference between the initial investment cost of the long-term equity investment at the date of merger and the sum of the carrying value of long-term equity investment before the merger and the carrying value of the consideration paid for acquisition of the additional shares at the date of merger is adjusted against the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

(ii) In case of an equity investment acquired through a business merger not involving entities under common control, the initial investment cost is the fair value of the consideration paid for the merger at the date of acquisition.

With respect to a long-term equity investment acquired through a business merger not involving entities under common control that is achieved through multiple transactions by steps, the accounting treatment thereof in the separate financial statements is different from that in the consolidated financial statements as stated below:

ii.i) In the separate financial statements, the initial investment cost for which the Company charges to the cost method is the sum of the carrying value of the long-term equity investment originally held and the cost of additional investment.

ii.ii) In the consolidated financial statements, the Company judges whether the transactions constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the Company remeasures the equity at fair value of the equity held in the acquiree prior to the date of acquisition, and records the difference between the fair value and the carrying value as investment income in the current period; if the equity held in the acquiree prior to the date of acquisition involves other comprehensive income under equity method, such other comprehensive income is transferred to the income of the period in which the date of acquisition falls, except for other comprehensive income arising from re-measurement by the investee of changes in net liabilities or net assets of defined benefit plans.

ii.iii) In case of an equity investment not acquired through business merger, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or is determined in accordance with the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring if it is acquired through debt restructuring, or in accordance with the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets if it is acquired through exchange of non-monetary assets.

c. Subsequent measurement and recognition of profit or loss

Long-term equity investments in investees are measured using the cost method. Long-term equity investments in associates and joint ventures are measured using the equity method.

d. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

(i) Determination basis of "package deal"

For the disposal of equity investment in a subsidiary to loss of control in stages through various transactions, the Company determines whether the step transactions are "package deal" according to clauses of trade agreements of each step transaction, the disposal consideration acquired at each transaction, the object for disposal of the equity, the disposal method and the disposal time. If the clauses, conditions and economic influence of each transaction meet one or more of the following conditions, it usually represents the step transactions shall be "package deal":

i.i) The transactions are entered into at the same time or after considering the influence for each other;

i.ii) The transactions can achieve a complete business result only when they are entered into as a whole;

i.iii) The occurrence of one transaction depends on the occurrence of at least one of the other transactions;

i.iv) A transaction is not economically viable but it is economically viable when considering with other transactions.

(ii) Accounting treatment for transactions not constituting a "package deal"

ii.i) Separate financial statements

The difference between the carrying value of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss in the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investees, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investees, the remaining equity is accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

ii.ii) Consolidated financial statements

Prior to the loss of control, the difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or merger is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

When losing control over an original subsidiary, the remaining equity is remeasured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the share owned by the Company in the net assets of the subsidiary as calculated continuously from the date of acquisition or merger according to the previous shareholding ratio, is recognized in the investment income for the period in which the control is lost, and the goodwill is reduced accordingly. Other comprehensive income relating to the equity investment in the original subsidiary should be transferred to the investment income for the period in which the control is lost.

(iii) Accounting treatment for "package deal"

iii.i) Separate financial statements

The transactions as a whole are treated as one single transaction of disposal of a subsidiary and loss of control in accounting treatment. However, prior to the loss of control, the difference between each of the consideration of disposal and the carrying amount of the long-term equity investments corresponding to the disposed investment is recognised as other comprehensive income in separate financial statements and transferred to profit or loss for the period when the control is lost.

iii.ii) Consolidated financial statements

The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary, however, the difference between the proceeds from each disposal before loss of control and the share of the subsidiary's net assets in relation to the investment disposed of is recognized in other comprehensive income in individual financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

23. Investment properties

Measurement model for Investment properties

Measurement by cost method

Depreciation or amortization method

(i) Investment properties comprises land use rights that are leased out, land use rights held for the purpose of appreciation and subsequent transfer, and buildings that are leased out.

(ii) Investment properties is initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same methods as for fixed assets and intangible assets.

24. Fixed assets

(A) Criteria for recognition

Fixed assets are tangible assets held for production of goods, rendering of services, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

(B) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Buildings and structures	Straight-line method	20-50	5.00%	1.90%-4.75%
Vehicles	Straight-line method	5-10	5.00%	9.50%-19.00%
Other equipment	Straight-line method	3-10	5.00%	9.50%-31.67%

25. Construction in progress

(i). Construction in progress is recognized when it is probable that economic benefits will flow to the Company and the cost can be measured reliably. Construction in progress is measured at the actual costs incurred up to the date when the asset is ready for its intended use.

(ii). When construction in progress reaches the intended use, it is transferred to fixed assets at the actual cost of the project. Where construction in progress has reached the state ready for its intended use but completion settlement have not been completed, it is transferred to fixed assets initially at estimated value and subsequently adjusted to actual cost upon completion of completion settlement, without adjustment to depreciation previously provided.

Category	Standards and timings for transferring construction in progress to fixed assets
Buildings and structures	Transfer to fixed assets after construction is completed and meeting the design requirements or standards for handover and delivery, i.e. the date on which the intended state of use is reached

26. Borrowing costs

(i) Recognition of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are expensed when incurred and included in profit or loss in the current period.

(ii) Period of capitalization of borrowing costs

ii.i) A borrowing cost is capitalized when all of the following conditions are satisfied: 1) the expenditures on the asset have already been incurred; 2) the borrowing cost has already been incurred; and 3) the acquisition, construction or production activities necessary to prepare the asset for its intended use or sale have already commenced.

ii.ii) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The borrowing costs incurred during these periods are recognized as an expense in the current period until the acquisition, construction or production activity is resumed.

ii.iii) When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

(iii) Rate and amount of capitalization of borrowing costs

If funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period (including amortized discount or premium determined using the effective interest method) less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. If funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of interest to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

27. Biological assets

28. Oil and gas assets

29. Intangible assets

(A) Useful life and the basis for its determination, estimates, amortization method or review procedures

a. Intangible assets, including land use rights, software and software licence fees, patent rights and franchise rights, are initially measured at cost.

b. Intangible assets with finite useful lives are amortized systematically and rationally over their useful lives in accordance with the expected pattern of economic benefits associated with the asset. Where the expected pattern of economic benefits cannot be reliably determined, the straight-line method is used. Details are as follows:

Item	Useful life and basis for determination	Amortization method
Land use rights	50 years, determined according to law and effective term specified in the contract	Straight-line method
Software and software licence fees	5–10 years, determined based on the estimated useful life or the effective term specified in the contract	Straight-line method
Patent rights	10 years, determined based on the estimated useful life	Straight-line method
Franchise rights	10 years, determined based on the effective term specified in the contract	Straight-line method

(B) Scope of capitalization of research and development expenditure and related accounting treatment methods

a. Personnel costs

Personnel costs include wages and salaries, basic endowment insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund of the Company's R&D personnel, as well as labor costs of external R&D personnel.

Where R&D personnel serve multiple R&D projects simultaneously, the recognition of personnel costs is based on the working hour records of R&D personnel for each R&D project provided by the Company's management department, and is allocated among different R&D projects on a pro-rata basis.

Where personnel directly engaged in R&D activities and external R&D personnel are simultaneously engaged in non-R&D activities, the Company allocates the actual personnel costs incurred between R&D expenses and production and operating expenses based on the working hour records of R&D personnel in different positions using reasonable methods such as actual working hour ratios.

b. Direct input costs

Direct input costs refer to related expenditures actually incurred by the Company for implementing R&D activities, including: 1) costs of materials, fuel and power directly consumed; 2) costs of operation, maintenance, adjustment, inspection, testing and repair of instruments and equipment used for R&D activities.

c. Depreciation expenses and Long-term prepaid expenses

Depreciation expenses refer to depreciation of instruments, equipment and buildings in use for R&D activities.

Where instruments, equipment and buildings in use for R&D activities are also used for non-R&D activities, necessary records are kept on the use of such instruments, equipment and buildings in use, and the actual depreciation incurred is allocated between R&D expenses and production and operating expenses using reasonable methods based on factors such as actual working hours and use area.

Long-term prepaid expenses refer to long-term prepaid expenses incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are capitalized based on actual expenditures and amortized evenly over a specified period.

d. Amortization of intangible assets

Amortization expenses for intangible assets refer to the amortization costs of software, intellectual property rights and non-patented technologies used in R&D activities.

e. Other costs

Other costs refer to other costs directly related to R&D activities other than the above costs.

Expenditure on the research phase of internal R&D projects is expensed as incurred. Expenditure on the development phase of internal R&D projects is recognized as an intangible asset when all of the following conditions are satisfied: (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (2) there is an intention to complete the intangible asset and use or sell it; (3) the manner in which the intangible asset will generate economic benefits can be demonstrated, including the ability to demonstrate that there is a market for the output to be produced using the intangible asset or for the intangible asset itself, or, where the intangible asset is to be used internally, its usefulness can be demonstrated; (4) adequate technical, financial and other resources are available to complete the development of the intangible asset and the ability exists to use or sell the intangible asset; and (5) expenditure attributable to the development phase of the intangible asset can be measured reliably.

Specific criteria for classifying expenditures on internal R&D projects into costs of research-phase or development-phase by the Company:

A planned investigative phase undertaken to acquire new technologies and knowledge, etc., shall be classified as the research phase; this phase is characterised by its planned and exploratory nature. The phase in which research findings or other knowledge are applied to a specific plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use, shall be classified as the development phase; this phase is characterised by its targeted nature and a high probability of yielding results. In line with the R&D processes of the software industry and the specific characteristics of the Company's own R&D activities, R&D projects meeting the capitalization criteria enter the development stage following approval at the project initiation review; once a development project achieves its intended purpose, it is recognized as an intangible asset for accounting purposes.

30. Impairment of long-term assets

With respect to long-term assets such as long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life, if there is an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising from a business merger and an intangible asset with an indefinite useful life are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, goodwill is considered together with the related asset groups or sets of asset groups.

If the recoverable amount of the long-term asset above is lower than its carrying value, the difference is measured as provision for asset impairment and recognized in profit or loss for the current period.

31. Long-term prepaid expenses

Long-term prepaid expenses are expenses that have already been incurred but should be amortized over a period of more than one year (exclusive). Long-term prepaid expenses are stated as incurred and are amortized evenly by stages within the benefit period or specified period. If an item of long-term prepaid expenses will not benefit the subsequent periods, the amortized value of the item that has not yet been amortized is wholly transferred to profit or loss for the current period.

32. Contract liabilities

The Company presents as contract liabilities the obligations to transfer goods to customers for which consideration has been received or is receivable from customers.

33. Employee benefits

(A) Accounting treatment of short-term employee benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(B) Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

(i) The Company recognizes the contributions payable as calculated based on the defined contribution plan during the accounting period when the employees provide services for the Company as liabilities, and include the same in profit or loss for the current period or as part of the cost of related assets.

(ii) The accounting treatment of a defined benefit plan generally involves the following steps:

ii.i) According to the projected unit credit method, use the unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;

ii.ii) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit plan obligation by the fair value of the assets is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;

ii.iii) At the end of the reporting period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan, wherein the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss for the current period or the cost of related assets, and the changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be converted back to profit or loss in subsequent periods, but those recognized as other comprehensive income may be transferred within the scope of equity.

(C) Accounting treatment of termination benefits

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the termination benefits provided as a result of the labor relationship termination plan or layoff proposal; or (2) when the Company recognizes the costs or expenses related to the restructuring of the termination benefits payment.

(D) Accounting treatment of other long-term employee benefits

Other long-term employee benefits are accounted for in accordance with the provisions applicable to defined contribution plans if they are qualified as defined contribution plans, otherwise, are accounted for in accordance with the provisions applicable to defined benefit plans. In order to simplify the accounting treatment, the total net amount of the cost of employee benefits arising from the defined benefit plans that is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan and other components is included in profit or loss for the current period or the cost of related assets.

34. Estimated liabilities

a. An obligation arising from any external guarantee, litigation, product quality warranty, onerous contract or other contingencies is recognized as an estimated liability if it is a present obligation assumed by the Company, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

b. Estimated liabilities are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying value of provisions is reviewed at the balance sheet date.

35. Share-based payment

a. Types of share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

b. Accounting treatment related to the implementation, modification and termination of share-based payment plans

(i) Equity-settled share-based payment

For equity-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the equity instruments at the grant date is recognized in the relevant costs or expenses with a corresponding adjustment to capital reserve. For equity-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses at the fair value of the equity instruments at the grant date based on the best estimate of the number of equity instruments expected to vest, with a corresponding adjustment to capital reserve.

For equity-settled share-based payment transactions in exchange for services from parties other than employees, if the fair value of the services from other parties can be measured reliably, it is measured at the fair value of such services at the date the services are obtained; if the fair value of the services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, it is measured at the fair value of the equity instruments at the date the services are obtained and recognized in the relevant costs or expenses with a corresponding increase in equity.

(ii) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees that vest immediately upon grant, the fair value of the liability assumed by the Company at the grant date is recognized in the relevant costs or expenses with a corresponding increase in liabilities. For cash-settled share-based payment transactions with employees that vest upon completion of service during the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the period are recognized in the relevant costs or expenses and corresponding liabilities at the fair value of the liability assumed by the Company based on the best estimate of the vesting conditions.

(iii) Modification or termination of share-based payment plans

If a modification increases the fair value of the equity instruments granted, the Company recognizes correspondingly the increase in services received based on the increase in the fair value of the equity instruments; if a modification increases the number of equity instruments granted, the Company recognizes correspondingly the fair value of the additional equity instruments as an increase in services received; if the Company modifies the vesting conditions in a manner that is beneficial to employees, the Company takes into account the modified vesting conditions when considering the vesting conditions.

If a modification decreases the fair value of the equity instruments granted, the Company continues to recognize the amount of services received based on the fair value of the equity instruments at the grant date without taking into account the decrease in fair value of the equity instruments; if a modification decreases the number of equity instruments granted, the Company treats the decrease as a cancellation of the equity instruments granted; if the vesting conditions are modified in a manner that is not beneficial to employees, the modified vesting conditions are not taken into account when considering the vesting conditions.

If the Company cancels or settles the equity instruments granted during the vesting period (other than those cancelled due to failure to satisfy vesting conditions), the cancellation or settlement is treated as an acceleration of vesting, and the amount that would otherwise have been recognized over the remainder of the vesting period is recognized immediately.

36. Other financial instruments such as preference shares and perpetual bonds

37. Revenue

Accounting policies adopted for the recognition and measurement of revenues by business type

a. Principles of revenue recognition

At the inception of the contract, the Company evaluates the contract, identifies each single performance obligation contained therein and determines whether each single performance obligation is performed over time or at a point in time.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined. For the obligation performed at a point in time, the revenue is recognized at the time point when the customer obtains the control of the related goods or services. When judging whether the customer has obtained the control of goods, the Company considers the following signs: (1) the Company has the current right to receive payment for such goods, that is, the customer has the current obligation to make payment for such goods; (2) the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods; (3) the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically; (4) the Company has transferred major risks and rewards of such goods to the customer, that is, the customer has obtained major risks and rewards of such goods; (5) the customer has accepted such goods; and (6) other signs that the customer has obtained control of such goods.

b. Principles of revenue measurement

(i) The Company measures revenue based on the transaction price allocated to each single performance obligation. The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer.

(ii) If there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, variable consideration is included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved.

(iii) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between that transaction price and the contract consideration is amortized over the period of the contract using the effective interest method.

(iv) If the contract has two or multiple performance obligations, the Company allocates the transaction price to each single performance obligation in the contract by reference to relative standalone selling prices of goods promised thereby.

c. Specific methods of revenue recognition

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the goods, and the Company has received payment or has established a right to receive payment, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the stage of completion of the service is determined based on the time elapsed during the service period, and revenue is recognized in accordance with the stage of completion.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the performance, and the Company has received payment or established a right to receive payment, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Situations where different business models for similar operations involve different revenue recognition and measurement methods

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

38. Contract costs

Where the incremental costs incurred by the Company to secure a contract are expected to be recoverable, they are recognized as an asset representing the cost of acquiring the contract.

Costs incurred by the Company to fulfil a contract, which do not fall within the scope of relevant standards for inventories, fixed assets or intangible assets, and which simultaneously meet the following conditions, shall be recognized as an asset representing contract performance costs:

a. The costs are directly attributable to a current or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly borne by the customer, and other costs incurred solely for the purpose of that contract;

b. The cost increases the resources available to the Company for the fulfilment of its performance obligations;

c. The cost is expected to be recoverable.

The Company amortizes assets related to contract costs on the same basis as the revenue from the goods or services to which the asset relates, and recognizes the amortization in profit or loss for the period. If the carrying amount of an asset related to contract costs exceeds the remaining consideration expected to be received from the transfer of the goods or services associated with that asset, less the estimated costs to be incurred, the Company recognizes an impairment loss on the excess amount. If factors underlying an impairment recognized in a prior period subsequently change, such that the remaining consideration expected to be received from the transfer of the goods or services associated with that asset less the estimated costs to be incurred exceeds the asset's carrying amount, the Company reverses the previously recognized impairment provision and recognizes it in profit or loss in the current period; however, the asset's carrying amount after the reversal shall not exceed the carrying amount that would have been determined as at the date of reversal had no impairment provision been recognized.

39. Government grants

a. Government grants are recognized if

(1) the Company meets the conditions attached to the government grants; and

(2) the Company will receive the government grants. If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value. If fair value is not reliably determinable, the item is measured at a nominal amount.

b. Determination and accounting treatment of government grants related to assets

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents, or in the absence of such express provision in the applicable government documents, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. The government grants related to assets are offset against the carrying value of the related assets or recognized as deferred income. Government grants related to assets recognized as deferred income are included in profit or loss over the useful life of the relevant assets on a reasonable and systematic basis. Government grants measured at nominal amount are directly recognized in profit or loss for the current period. In case of sale, transfer, retirement or damage of the relevant assets before the end of useful life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

c. Determination and accounting treatment of government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to both assets and income in which it is difficult to make a distinction between the portion related to assets and the portion related to income are wholly classified as government grants related to income. Government grants related to income as compensation for expenses or losses to be incurred in subsequent periods are recognized as deferred income and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss for the current period or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss for the current period or offset against the relevant costs.

d. Government grants related to day-to-day operations of the Company are recognized in other income or offset against the relevant costs and expenses depending on the nature of economic business. Government grants not related to day-to-day operations of the Company are recognized in non-operating revenue or expenses.

e. Accounting treatment of policy preferential loans and interest subsidies

(i) If the Ministry of Finance appropriates the interest subsidies to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(ii) If the Ministry of Finance directly appropriates the interest subsidies to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.

40. Deferred tax assets/deferred tax liabilities

a. The difference between the tax base of an asset or liability and its carrying value (or in case of an item not recognized as asset or liability whose tax base can be determined according to the applicable tax law, the difference between its tax base and carrying value), is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.

b. Deferred tax assets are recognized to the extent of the amount of taxable income that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in prior periods are recognized if there is conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.

c. At the balance sheet date, the carrying value of a deferred tax asset is reviewed. The Company reduces the carrying value of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.

d. Current and deferred tax of the Company is recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1) business merger; or (2) a transaction or event which is recognized directly in owner's equity.

e. The Company presents deferred tax assets and deferred tax liabilities on a net basis when all of the following conditions are met:

(1) it has a legally enforceable right to set off current tax assets against current tax liabilities for the current period on a net basis; and

(2) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

41. Leases

(A) Accounting treatment for leases as a lessee

At the commencement date of the lease term, the Company recognizes a lease with a lease term not more than 12 months that includes no purchase option as short-term lease; and a lease at lower value when the individually leased asset is brand-new as low value asset lease. If the Company subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term lease and low-value asset lease, the Company recognizes the lease payments in the cost of related assets or profit or loss for the current period on a straight-line basis over the term of the relevant lease.

Except the above short-term leases and low-value asset leases subject to simplified treatment, the Company recognizes the right of use assets and lease liabilities on the lease at the commencement date of the lease period.

(i) Right-of-use assets

The right of use asset is initially measured at cost, which includes: 1) the initially measured amount of the lease liability; 2) the lease payments made on or before the commencement date of the lease term less the amount related to lease incentives (if any); 3) the initial direct costs incurred by the lessee; 4) the costs that the lessee expects to incur in order to dismantle and remove the leased asset, restore the site where the leased asset locates, or restore the leased asset to the condition agreed upon in the lease terms.

The Company depreciates the right of use asset on a straight-line basis. If it reasonably ensures that ownership of the leased assets will be obtained at the expiry of the lease term, the Company will depreciate the leased assets over their remaining useful lives. If not, the Company will depreciate the leased asset over the shorter of the lease term or the remaining useful life of the leased asset.

(ii) Lease liabilities

At the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the interest rate in the lease is determined as the discount rate. If the interest rate in the lease is unavailable, the Company's incremental borrowing rate is determined as the discount rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, with interest expenses recognized at the discount rate used to recognize the present value of the lease payments and charged to profit or loss for the current period over the term of the relevant lease. The variable lease payments not measured as the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, the expected amount payable for the guaranteed residual value, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will remeasure the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right of use asset accordingly. If the carrying amount of the right of use asset has been reduced to nil but the lease liability still needs to be further reduced, the remaining amount will be recognized in profit or loss for the current period.

(B) Accounting treatment for leases as a lessor

At the commencement date of the lease, the Company classifies leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset as finance leases; all other leases are classified as operating leases.

a. Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis over the term of the relevant lease, with initial direct costs incurred capitalized and apportioned on the same basis of recognizing rental income to include in profit or loss for the current period separately. Variable lease payments obtained by the Company relevant to operating leases that are not included in the lease receipts are recognized in profit or loss for the current period when they are actually incurred.

b. Finance leases

At the commencement date of the lease term, the Company recognizes the finance lease payments receivable in accordance with the net lease investment (sum of the unguaranteed balance and the lease payment not received on the commencement date of the lease period based on the present value discounted at the inherent interest rate of the lease), and derecognizes the finance lease assets. At each phase of the lease period, the Company calculates and recognizes the interest income at the inherent interest rate of the lease.

The amount of variable lease payments obtained by the Company that are not accrued to the measurement of net lease investment is accrued to the current profit or loss when actually incurred.

42. Other significant accounting policies and accounting estimates

Accounting treatment related to repurchase of the Company's shares

When the Company repurchases its own shares for reasons such as reducing registered capital or rewarding employees, the actual amount paid is treated as treasury shares, with concurrent filing records maintained. If the repurchased shares are cancelled, the difference between the total par value of the shares calculated based on the par value and number of shares cancelled and the actual amount paid for the repurchase is charged against capital reserve, and to the extent that capital reserve is insufficient, it is charged against retained earnings; if the repurchased shares are awarded to the Company's employees as equity-settled share-based payment, upon receipt of the consideration when employees exercise their rights to purchase the Company's shares, the cost of treasury shares delivered to employees and the cumulative amount of capital reserve (other capital reserve) during the vesting period are reversed, and capital reserve (share premium) is adjusted accordingly for the difference.

43. Changes in significant accounting policies and accounting estimates

(A) Changes in significant accounting policies

☐ Applicable ☑ Not applicable

(B) Changes in significant accounting estimates

☐ Applicable ☑ Not applicable

(C) Adjustments to items in the opening financial statements for the year of initial application of new accounting standards effective from 2025

☐ Applicable ☑ Not applicable

44. Others

VI. TAXATION

1. Major categories of taxes and tax rates

Tax type	Taxation basis	Tax rate
Value added tax	VAT payable is the output tax based on the sale of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Actually paid turnover tax	5%, 7%
Enterprise income tax	Taxable income	15%, 20%, 25%
Property tax	If it is levied on an ad valorem basis, the tax is calculated as 1.2% of the remaining value after deducting 30% of the original value of the property; if it is levied subject to rent, the tax is calculated as 12% of the rental income	1.2%, 12%
Education surcharge	Actually paid turnover tax	3%
Local education surcharge	Actually paid turnover tax	2%

Disclosure of taxpayers with different rates of enterprise income tax

Name of taxpayer	Income tax rate
The Company, Hangzhou Huikang IoT Technology Co., Ltd. (hereinafter referred to as Huikang IoT), Hangzhou Zhuoteng Information Technology Co., Ltd. (hereinafter referred to as Zhuoteng Information), Hangzhou Huikang Hulian Technology Co., Ltd. (hereinafter referred to as Huikang Hulian), Lanzhou Yuanteng Software Technology Co., Ltd. (hereinafter referred to as Lanzhou Yuanteng), Tianjin Zhanhua Technology Development Co., Ltd. (hereinafter referred to as Zhanhua Technology), Zhejiang Yishan Smart Healthcare Research Co., Ltd. (hereinafter referred to as Zhejiang Yishan)	15%
Chuangye Software Nanjing Co., Ltd. (hereinafter referred to as Chuangye Nanjing), Xinjiang Chuangshi Information Technology Co., Ltd. (hereinafter referred to as Xinjiang Chuangshi), Shanghai Chuanghang Software Co., Ltd. (hereinafter referred to as Shanghai Chuanghang), Chongqing Chuangyikang Software Co., Ltd. (hereinafter referred to as Chongqing Chuangyikang), Tianjin Chuangjin Technology Co., Ltd. (hereinafter referred to as Tianjin Chuangjin), Hangzhou Weiqin Technology Co., Ltd. (hereinafter referred to as Hangzhou Weiqin), Hangzhou Minotech Technology Co., Ltd. (hereinafter referred to as Minotech), Zhejiang Yikang Data Technology Research Institute Co., Ltd. (hereinafter referred to as Yikang Research)	20%
Other taxpayers not listed above	25%

2. Tax incentives

a. Value added tax

(i) Pursuant to the "Notice on VAT Policies for Software Products" (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, the Company, Hangzhou Weiqin, Lanzhou Yuanteng and Zhanhua Technology are eligible for a tax incentive whereby the portion of the actual VAT burden on software product sales in excess of 3% is refunded immediately upon collection.

(ii) Pursuant to the provisions of the "Notice on the Full Roll-out of the Pilot Scheme for Replacing Business Tax with Value-Added Tax" (Cai Shui [2016] No. 36) issued by the Ministry of Finance and the State Administration of Taxation, the income derived by the Company, Guangdong Zhongtuo Information Technology Co., Ltd. (hereinafter referred to as Zhongtuo Information) and Zhanhua Technology from technology transfer, technology development and related technical consultancy and technical services is exempt from VAT.

(iii) Pursuant to the provisions of the "Announcement by the Ministry of Finance and the State Taxation Administration on VAT Reduction and Exemption Policies for Small-Scale VAT Taxpayers" (Announcement No. 19 of 2023 by the Ministry of Finance and the State Administration of Taxation), VAT is exempted for small-scale VAT taxpayers with monthly sales below RMB100,000 (inclusive). For VAT small-scale taxpayers subject to a 3% tax rate, VAT shall be levied at a reduced rate of 1%. Hangzhou Zhuokang Property Management Co., Ltd. (subsidiary of Huikang IoT), Yinchuan Huikang Internet Hospital Co., Ltd. (subsidiary of Huikang Hulian) and Zhanhua Medical and Health (Tianjin) Technology Co., Ltd. (subsidiary of Zhanhua Technology) meet the criteria for recognition as small-scale taxpayers in the 2025 financial year and are eligible for the aforementioned preferential VAT policies in 2025.

b. Income tax

(i) The Company and its subsidiaries, Huikang IoT, Zhuoteng Information, Huikang Hulian, Lanzhou Yuanteng, Zhanhua Technology and Zhejiang Yishan are all high-tech enterprises and are entitled to the preferential reduced enterprise income tax rate of 15% in the current period in accordance with the law.

(ii) Pursuant to the "Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Business Operators" by the Ministry of Finance and the State Taxation Administration (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023), from 1 January 2023 to 31 December 2027, small and micro-profit enterprises shall have their taxable income calculated at a reduced rate of 25% and shall pay enterprise income tax at a rate of 20%.The subsidiaries, Chuangye Nanjing, Xinjiang Chuangshi, Shanghai Chuanghang, Chongqing Chuangyikang, Tianjin Chuangjin, Hangzhou Weiqin, Minotech and Yikang Research Institute met the criteria for recognition as a small and low-profit enterprise in 2025 and benefited from the aforementioned preferential enterprise income tax policy in 2025.

The Company is required to comply with the disclosure requirements for the "Software and Information Technology Services" sector as set out in the Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines Rules No. 3 – Industry Information Disclosure.

3. Others

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	56,093.63	37,391.93
Bank deposits	450,124,761.87	635,266,927.48
Other cash at bank and on hand	5,314,621.34	383,590,246.23
Total	455,495,476.84	1,018,894,565.64

Other information:

Item	Amount at the end of period	Amount at the beginning of period
Large-denomination negotiable certificates of deposit		380,000,000.00
Margin for bank acceptance bills	411,095.08	1,875,690.47
Letter of guarantee deposit	851,302.31	952,102.31
Other security deposits	25,100.00	36,100.00
Other restricted funds	3,560,423.48	83,373.00
Balance in third-party payment platform accounts	466,700.47	642,980.45
Sub-total	5,314,621.34	383,590,246.23

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,666,309.40	12,078,867.24
Of which:		
Short-term wealth management products	1,666,309.40	12,078,867.24
Of which:		
Total	1,666,309.40	12,078,867.24

Other information:

3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

4. Notes receivable

(1) Presentation of notes receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	144,400.00	7,082,228.17
Total	144,400.00	7,082,228.17

(2) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Of which:										
Notes receivable for which provision for bad debts allowance is made on a portfolio basis	152,000.00	100.00%	7,600.00	5.00%	144,400.00	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17
Of which:										
Commercial acceptance bills	152,000.00	100.00%	7,600.00	5.00%	144,400.00	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17
Total	152,000.00	100.00%	7,600.00	5.00%	144,400.00	8,830,636.00	100.00%	1,748,407.83	19.80%	7,082,228.17

Provision for bad debts allowance by portfolio: 7,600.00

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Commercial acceptance bills portfolio	152,000.00	7,600.00	5.00%
Total	152,000.00	7,600.00	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on notes receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(3) Description of bad debt provisions made, recovered or reversed during the current period

Description of bad debt provisions made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance is made on a portfolio basis	1,748,407.83	-1,740,807.83				7,600.00
Total	1,748,407.83	-1,740,807.83				7,600.00

Of which, the amount of bad debt provisions recovered or reversed during the current period is material:

☐Applicable ☑Not applicable

(4) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Commercial acceptance bills	0.00
Total	0.00

(5) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period

(6) Description of notes receivable actually written off during the period

Unit: RMB

Item	Amount written off

Description of significant write-off of notes receivable:

Unit: RMB

Name of entity	Nature of notes receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related-party transaction

Description of the write-off of notes receivable:

5. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	647,217,065.67	736,709,726.97
1-2 years	482,474,421.18	554,661,950.41
2-3 years	373,865,695.49	343,688,252.62
Over 3 years	641,800,315.36	512,650,813.55
3-4 years	260,201,949.18	303,392,874.18
4-5 years	205,720,968.31	97,645,410.72
Over 5 years	175,877,397.87	111,612,528.65
Total	2,145,357,497.70	2,147,710,743.55

(2) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Accounts receivable for which provisions for bad debts allowance is made on an individual basis	40,398,358.69	1.88%	40,398,358.69	100.00%		22,591,909.92	1.05%	22,591,909.92	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	2,104,959,139.01	98.12%	683,397,181.63	32.47%	1,421,561,957.38	2,125,118,833.63	98.95%	574,639,125.09	27.04%	1,550,479,708.54
Of which:										
Total	2,145,357,497.70	100.00%	723,795,540.32	33.74%	1,421,561,957.38	2,147,710,743.55	100.00%	597,231,035.01	27.81%	1,550,479,708.54

Provision for bad debts allowance on an individual basis: 40,398,358.69

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is unlikely that the amount will be recovered
Other miscellaneous customers	10,436,123.92	10,436,123.92	28,242,572.69	28,242,572.69	100.00%	These companies are facing operational difficulties, and it is unlikely that the amount will be recovered
Total	22,591,909.92	22,591,909.92	40,398,358.69	40,398,358.69		

Provision for bad debts allowance by portfolio: 683,397,181.63

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Ageing	2,104,959,139.01	683,397,181.63	32.47%
Total	2,104,959,139.01	683,397,181.63	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(3) Description of bad debt provisions made, recovered or reversed during the current period

Description of bad debt provisions made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off	Others	
Provision for bad debts allowance is made on an individual basis	22,591,909.92	27,148,629.27	10,000.00	9,352,180.50		40,398,358.69
Provision for bad debts allowance is made on a portfolio basis	574,639,125.09	108,758,056.54				683,397,181.63
Total	597,231,035.01	135,906,685.81	10,000.00	9,352,180.50		723,795,540.32

Of which, significant amounts of bad debt provisions recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

(4) Description of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	9,352,180.50

Description of significant write-off of accounts receivable:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of accounts receivable:

There were no significant write-off of trade receivables during the current period.

(5) Top five closing balance of accounts receivable and contract assets by debtor

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	48,515,172.35	2,525,584.30	51,040,756.65	2.30%	4,787,307.35
2nd place	41,872,000.00	0.00	41,872,000.00	1.89%	28,868,900.00
3rd place	31,808,991.00	208,120.00	32,017,111.00	1.45%	12,901,837.34
4th place	30,028,726.56	938,007.24	30,966,733.80	1.40%	2,848,989.18
5th place	24,304,452.92	18,000.00	24,322,452.92	1.10%	16,747,364.68
Total	176,529,342.83	3,689,711.54	180,219,054.37	8.14%	66,154,398.55

6. Contract Assets

(1) Description of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount
Retention money receivable	69,770,905.40	6,139,215.38	63,631,690.02	111,167,350.63	20,167,137.21	91,000,213.42
Total	69,770,905.40	6,139,215.38	63,631,690.02	111,167,350.63	20,167,137.21	91,000,213.42

(2) Significant changes in carrying amounts during the reporting period and the reasons therefor

Unit: RMB

Item	Amount of change	Reason for change

(3) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Of which:										
Provision for bad debts allowance by portfolio	69,770,905.40	100.00%	6,139,215.38	8.80%	63,631,690.02	111,167,350.63	100.00%	20,167,137.21	18.14%	91,000,213.42
Of which:										
Total	69,770,905.40	100.00%	6,139,215.38	8.80%	63,631,690.02	111,167,350.63	100.00%	20,167,137.21	18.14%	91,000,213.42

Provision for bad debts allowance by portfolio: 6,139,215.38

Unit: RMB

Name	Closing balance		
	Carrying amount	Bad debts allowance	Provisioning ratio
Ageing portfolio	69,770,905.40	6,139,215.38	8.80%
Total	69,770,905.40	6,139,215.38	

Description of the basis of determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses

☐Applicable ☑Not applicable

(4) Description of bad debt provisions made, recovered or reversed during the current period

Unit: RMB

Item	Provision for the current period	Recoveries or reversals for the period	Write-off/ write-down for the period	Reason
Provision for impairment allowance by portfolio	-14,027,921.83			Provision by ageing portfolio
Total	-14,027,921.83			

Of which, significant amounts of bad debts allowance recovered or reversed during the period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(5) Description of contract assets actually written off during the current period

Unit: RMB

Item	Amount written off
Contract assets actually written off	0.00

Of which, details of significant write-off of contract assets

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of contract assets:

Other information:

7. Financing receivables

(1) Classification of financing receivables

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	1,177,750.00	1,717,610.00
Total	1,177,750.00	1,717,610.00

(2) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Of which:										
Provision for bad debts allowance by portfolio	1,177,750.00	100.00%			1,177,750.00	1,717,610.00	100.00%			1,717,610.00
Of which:										
Bank acceptance bills	1,177,750.00	100.00%			1,177,750.00	1,717,610.00	100.00%			1,717,610.00
Total	1,177,750.00	100.00%			1,177,750.00	1,717,610.00	100.00%			1,717,610.00

Provision for bad debts calculated using the standard model for expected credit losses

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire life of the asset (credit impaired)	
Balance as at 1 January 2025 in the current period				

Basis for classification by stage and provisioning ratios

Description of significant changes in the closing balance of financing receivables subject to changes in loss provisions during the current period:

(3) Description of bad debt provisions made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movement for the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt provisions recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(4) Financing receivables pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period

(5) Financing receivables endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	822,250.00	
Total	822,250.00	

(6) Financing receivables actually written off during the period

Unit: RMB

Item	Amount written off

Of which, significant write-off of financing receivables

Unit: RMB

Name of entity	Nature of payment	Amount written Off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

(7) Movements (increase/decrease) and changes in fair value of financing receivables during the period

(8) Other information

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	27,720,149.18	35,023,095.83
Total	27,720,149.18	35,023,095.83

(1) Interest receivable

1) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

2) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether impairment has occurred and the basis for the determination

Other information:

3) Disclosure by bad debt provisioning method

☐Applicable ☑Not applicable

4) Description of bad debt provisions made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amount of recoveries or reversals of the provision for bad debts in the current period:

Unit: RMB

Company name	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

5) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(2) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

2) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Ageing	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

3) Disclosure by bad debt provision method

☐Applicable ☑Not applicable

4) Description of bad debt provisions made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt provisions recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

5) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Description of significant dividend receivables written off

Unit: RMB

Name of entity	Nature of payment	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Transactions

Description of write-off:

Other information:

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	53,497,037.41	61,445,801.20
Contingency fund	3,760,384.46	4,058,338.52
Others	2,515,419.21	4,401,315.11
Total	59,772,841.08	69,905,454.83

2) Disclosure by ageing of receivables

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	10,252,297.04	16,656,901.50
1-2 years	9,970,011.68	12,773,464.95
2-3 years	9,676,863.85	4,568,371.17
Over 3 years	29,873,668.51	35,906,717.21
3-4 years	3,662,570.16	10,101,223.34
4-5 years	6,996,839.38	3,658,979.78
Over 5 years	19,214,258.97	22,146,514.09
Total	59,772,841.08	69,905,454.83

3) Disclosure by bad debt provisioning method

☑Applicable ☐Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Of which:										
Provision for bad debts allowance by portfolio	59,772,841.08	100.00%	32,052,691.90	53.62%	27,720,149.18	69,905,454.83	100.00%	34,882,359.00	49.90%	35,023,095.83
Of which:										
Total	59,772,841.08	100.00%	32,052,691.90	53.62%	27,720,149.18	69,905,454.83	100.00%	34,882,359.00	49.90%	35,023,095.83

Provision for bad debts allowance by portfolio: 32,052,691.90

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Provision for bad debts allowance by portfolio	59,772,841.08	32,052,691.90	53.62%
Total	59,772,841.08	32,052,691.90	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2025	832,845.08	2,554,692.99	31,494,820.93	34,882,359.00
Balance as at 1 January 2025 in the period				
－Transfer to Stage 2	-498,500.58	498,500.58		
－Transfer to Stage 3		-1,935,372.77	1,935,372.77	
Provision for the period	178,270.35	876,181.54	-917,326.99	137,124.90
Reversal for the period			13,000.00	13,000.00
Write-off for the period			2,979,792.00	2,979,792.00
Balance as at 31 December 2025	512,614.85	1,994,002.34	29,546,074.71	32,052,691.90

Basis for classification by stage and bad debt provisioning ratios

The provision for bad debts allowance in Stage 1 is 5%, in Stage 2 is 20%, and in Stage 3 is 74.70%.

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

4) Description of bad debt provisions made, recovered or reversed during the current period

Description of bad debt provisions made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts allowance by portfolio	34,882,359.00	137,124.90	13,000.00	2,979,792.00		32,052,691.90
Total	34,882,359.00	137,124.90	13,000.00	2,979,792.00		32,052,691.90

Of which, significant amounts of bad debt provisions reversed or recovered during the period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

5) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off
Other receivables actually written off	2,979,792.00

Of which, significant write-off of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for Write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of other receivables:

6) Top five closing balance of other receivables by debtor

Unit: RMB

Name of company	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Fujian Medical University Union Hospital	Deposits and security money	7,367,787.75	Over 5 years	12.33%	7,367,787.75
Yancheng First People's Hospital	Deposits and security money	3,016,000.00	4-5 years	5.05%	2,412,800.00
A general hospital	Deposits and security money	2,500,000.00	1-2 years	4.18%	500,000.00
Qinghai University Affiliated Hospital	Deposits and security money	2,140,250.00	1-2 years	3.58%	428,050.00
Guangdong Southern Telecommunications Construction Co., Ltd.	Deposits and security money	2,000,000.00	2-3 years	3.35%	600,000.00
Total		17,024,037.75		28.49%	11,308,637.75

7) Reported under other receivables due to centralised fund management

Unit: RMB

Other information:

9. Prepayments

(1) Presentation of prepayments by ageing

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	8,658,755.89	78.16%	7,894,222.10	70.50%
1-2 years	595,883.97	5.38%	1,334,004.08	11.91%
2-3 years	417,510.65	3.77%	557,913.58	4.98%
Over 3 years	1,405,981.39	12.69%	1,412,113.53	12.61%
Total	11,078,131.90		11,198,253.29	

Description of the reasons for the failure to settle prepayments aged over one year and of a material amount in a timely manner:

At the end of the period, the Company had no significant prepayments aged over one year.

(2) Top five closing balance of prepayments by recipient

The aggregate of the top five closing balance of prepayments was RMB3,793,679.25, which accounts for 34.24% of the total closing balance of prepayments.

Other information:

10. Inventories

Does the Company need to comply with the disclosure requirements for the real estate sector?

No

(1) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount	Book balance	Provision for inventory write-down or impairment allowance of contract performance costs	Carrying amount
Inventory stock	217,556,498.41	8,082,348.24	209,474,150.17	176,843,972.02	2,869,700.65	173,974,271.37
Contract performance costs	210,451,599.50	48,129,505.78	162,322,093.72	200,121,296.61	27,487,710.88	172,633,585.73
Total	428,008,097.91	56,211,854.02	371,796,243.89	376,965,268.63	30,357,411.53	346,607,857.10

(2) Data resources recognized as inventory

Unit: RMB

Item	Purchased inventory of data resources	Data resources processed in-house	Inventory of data resources acquired by other means	Total

(3) Provision for inventory write-down and impairment allowance of contract performance costs

Unit: RMB

Item	Opening balance	Amount of increase for the period		Amount of decrease for the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Inventory stock	2,869,700.65	5,882,773.07		670,125.48		8,082,348.24
Contract performance costs	27,487,710.88	35,327,854.74		14,686,059.84		48,129,505.78
Total	30,357,411.53	41,210,627.81		15,356,185.32		56,211,854.02

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and a provision for decline in value of inventory is recognized for the difference between the cost of an individual item of inventory and its net realizable value. The net realizable value of inventory stock and contract performance costs is determined as the estimated selling price of the inventory less the estimated selling expenses and related taxes. Any decrease during the period represents the reversal of the previously recognized provision for decline in value of inventory in conjunction with the sale of inventory stock and contract performance costs.

Provision for inventory write-down by portfolio

Unit: RMB

Name of portfolio	At the end of period			At the beginning of period		
	Closing balance	Inventory write-down	Provisioning ratio for inventory write-down	Opening balance	Inventory write-down	Provisioning ratio for inventory write-down

Criteria of provision for inventory write-down by portfolio

(4) Description of the amount of capitalized borrowing costs included in the closing balance of inventories

(5) Description of the amount of contract performance costs amortized during the period

11. Held-for-sale assets

Unit: RMB

Item	Book balance at the end of period	Impairment allowance	Carrying amount at the end of period	Fair value	Estimated disposal costs	Estimated disposal date

Other information:

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance

(1) Debt investments due within one year

☐Applicable ☑Not applicable

(2) Other debt investments due within one year

☐Applicable ☑Not applicable

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Large-denomination negotiable certificates of deposit and interest	496,062,095.89	
Input VAT to be offset	1,906,802.31	967,537.12
Prepaid enterprise income tax	1,070,918.65	872,098.77
Total	499,039,816.85	1,839,635.89

Other information:

14. Debt investments

(1) Description of debt investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Movements in the impairment allowance of debts instruments during the period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

(2) Significant debt investments at the end of the period

Unit: RMB

Debt item	Closing balance					Opening balance				
	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal value	Coupon rate	Effective interest Rate	Maturity date	Overdue principal

(3) Provision for impairment allowance

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2025 in the current period				

Basis for classification by stage and provisioning ratios

(4) Description of debt investments written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of debt investments

Description of write-off of debt investments:

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

Other information:

15. Other debt investments

(1) Description of other debt investments

Unit: RMB

Item	Opening balance	Accrued interest	Interest adjustment	Change in fair value for the period	Closing balance	Cost	Cumulative changes in fair value	Accumulated impairment allowance recognized in other comprehensive income	Remarks

Movements in impairment allowance of other debt investments during the period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

(2) Other significant debt investments at the end of the period

Unit: RMB

Other debt items	Closing balance					Opening balance				
	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Nominal value	Coupon rate	Effective interest rate	Maturity date	Overdue principal

(3) Provision for impairment allowance

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2025 in the current period				

Basis for classification by stage and provisioning ratios

(4) Description of other debt investments written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of other debt investments

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

Other information:

16. Other investments in equity instruments

Unit: RMB

Item name	Closing balance	Opening balance	Gains recognized in other comprehensive income for the period	Loss recognized in other comprehensive income for the period	Cumulative gains recognized in other comprehensive income at the end of the period	Cumulative losses recognized in other comprehensive income at the end of the period	Dividend income recognized for the period	Reasons for designating the item as measured at fair value through other comprehensive income
Hangzhou Wutongshu Information Technology Co., Ltd. Co., Ltd.	345,087.61	3,345,117.58		3,000,029.97		4,654,912.39		
Hangzhou Zhongfu Investment Management Co., Ltd.						1,500,000.00		
Zhejiang Future Community Development and Operation Group Co., Ltd.	1,964,190.60	2,115,554.16		151,363.56		1,935,809.40		
Total	2,309,278.21	5,460,671.74		3,151,393.53		8,090,721.79		

Derecognition occurred during the period

Unit: RMB

Item name	Cumulative gains transferred to retained earnings	Accumulated losses transferred to retained earnings	Reason for derecognition

Disclosure of non-trading equity instrument investments in the current period

Unit: RMB

Item name	Dividend income recognized	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designating the item as measured at fair value through other comprehensive income	Reasons for the transfer of other comprehensive income to retained earnings

Other information:

17. Long-term receivables

(1) Description of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debts allowance	Carrying amount	Book balance	Bad debts allowance	Carrying amount	

(2) Disclosure by bad debts provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Of which:										
Of which:										

Provision for bad debts allowance calculated using the general model for expected credit losses

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2025 in the current period				

Basis for classification by stage and provisioning ratios

(3) Description of provisions for bad debts made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	

Of which, significant amounts of bad debt provisions reversed or recovered during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

(4) Description of long-term receivables actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, significant write-off of long-term receivables:

Unit: RMB

Name of entity	Nature of amount	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of long-term receivables:

18. Long-term equity investments

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	8,346,674.35			2,035,616.21	23,753.77	3,023,334.88		1,847,960.41			7,510,186.38	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	27,950,687.38			3,386,389.98	1,107,080.79						25,671,378.19	
Chengdu Miso Information Technology Co., Ltd.	617,494.82				-38,548.86						578,945.96	
Odin Health Limited	14,148,687.84				787,094.94						14,935,782.78	
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd. (formerly known as Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.)												
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	28,969,790.05			4,073,433.98	418,668.03						25,315,024.10	
Hangzhou Meiqing Digital Technology Co., Ltd.	34,122,189.65				321,027.03						34,443,216.68	
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	44,210,063.76				26,730.81						44,236,794.57	
Better Smart Investment (Jiangsu) Enterprise Management Co., Ltd.												
Silk Road Shukang Technology (Gansu) Co., Ltd.												
Subtotal	158,365,587.85			9,495,440.17	2,645,806.51	3,023,334.88		1,847,960.41			152,691,328.66	
Total	158,365,587.85			9,495,440.17	2,645,806.51	3,023,334.88		1,847,960.41			152,691,328.66	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Hangzhou Anfeng Shangying Venture Capital Partnership (Limited Partnership)	10,714,782.75	12,220,812.95
Zhejiang Zheshang Industrial and Financial Investment Partnership (Limited Partnership)	37,127,465.44	49,636,633.47
Hefei Hongborunze Equity Investment Partnership (Limited Partnership)		54,803,531.64
Jiangxi Health Cloud Digital Technology Co., Ltd.	2,457,051.47	
Total	50,299,299.66	116,660,978.06

Other information:

20. Investment properties

(1) Investment properties measured at cost

☑Applicable ☐Not applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	158,691,152.52	3,797,541.36		162,488,693.88
2. Increase for the period				
(1) Acquired externally				
(2) Transfer from inventory/fixed assets/ construction in progress				
(3) Additions due to business merger				
(4) Transfer from intangible assets				

Item	Buildings and structures	Land use rights	Construction in progress	Total
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	158,691,152.52	3,797,541.36		162,488,693.88
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	31,387,911.58	841,788.12		32,229,699.70
2. Increase for the period	4,247,414.02	75,950.82		4,323,364.84
(1) Provision or amortization	4,247,414.02	75,950.82		4,323,364.84
(2) Transfer from fixed assets				
(3) Transfer from intangible assets				
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance	35,635,325.60	917,738.94		36,553,064.54
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposals				
(2) Other transfer out				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	123,055,826.92	2,879,802.42		125,935,629.34
2. Carrying amount at the beginning of period	127,303,240.94	2,955,753.24		130,258,994.18

Recoverable amount is determined as fair value less the costs of disposal

☐Applicable ☑Not applicable

The recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

Other information:

(2) Investment properties measured at fair value

☐Applicable ☑Not applicable

(3) Converted to investment properties and measured at fair value

Unit: RMB

Item	Accounting heading prior to conversion	Amount	Reason for conversion	Approval procedure	Impact on profit or loss	Impact on other comprehensive income

(4) Investment properties for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	488,193,114.36	495,252,732.28
Total	488,193,114.36	495,252,732.28

(1) Description of fixed assets

Unit: RMB

Item	Buildings and structures	Vehicles	Other equipment	Total
I. Original carrying amount:				
1. Opening balance	489,445,145.00	26,012,971.00	96,188,458.55	611,646,574.55
2. Increase for the period	18,434,393.89	265,360.14	3,401,776.14	22,101,530.17
(1) Purchases		265,360.14	3,401,776.14	3,667,136.28
(2) Transfer from construction in progress	18,434,393.89			18,434,393.89
(3) Additions due to business merger				
3. Decrease for the period	2,662,309.22	2,603,992.84	880,471.19	6,146,773.25
(1) Disposal or retirement	2,662,309.22	2,603,992.84	880,471.19	6,146,773.25
(2) Decrease due to business merger				
(3) Transfer to investment properties				
4. Closing balance	505,217,229.67	23,674,338.30	98,709,763.50	627,601,331.47
II. Accumulated depreciation				
1. Opening balance	59,363,046.62	16,994,829.91	40,035,965.74	116,393,842.27
2. Increase for the period	11,489,422.44	1,745,936.20	14,790,035.58	28,025,394.22
(1) Provision	11,489,422.44	1,745,936.20	14,790,035.58	28,025,394.22
3. Decrease for the period	1,770,802.33	2,409,864.98	830,352.07	5,011,019.38
(1) Disposal or retirement	1,770,802.33	2,409,864.98	830,352.07	5,011,019.38
(2) Decrease due to business merger				
(3) Transfer to investment properties				
4. Closing balance	69,081,666.73	16,330,901.13	53,995,649.25	139,408,217.11
III. Impairment allowance				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposal or retirement				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of period	436,135,562.94	7,343,437.17	44,714,114.25	488,193,114.36
2. Carrying amount at the beginning of period	430,082,098.38	9,018,141.09	56,152,492.81	495,252,732.28

(2) Description of fixed assets that are temporarily idle

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Impairment allowance	Carrying amount	Remarks

(3) Fixed assets leased out under operating leases

Unit: RMB

Item	Carrying amount at the end of period
Buildings and structures	17,121,538.68

(4) Fixed assets for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate
Apartments	341,510.50	Relevant procedures are in progress

Other information:

(5) Impairment testing of fixed assets

☐Applicable ☑Not applicable

(6) Clearance of fixed assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress		1,590,322.82
Total		1,590,322.82

(1) Description of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Miscellaneous works				1,590,322.82		1,590,322.82
Total				1,590,322.82		1,590,322.82

(2) Changes in significant construction-in-progress projects during the period

Unit: RMB

Name of item	Budgeted amount	Opening balance	Amount of increase for the period	Amount transferred to fixed assets during the period	Amount of other decrease for the period	Closing balance	Cumulative expenditure on the project as a percentage of the budget	Project progress	Cumulative amount of capitalized interest	Of which: Interest capitalized for the period	Interest capitalization rate for the current period	Source of funds

(3) Provision for impairment allowance of construction in progress in the current period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for provision

Other information:

(4) Impairment testing of construction in progress

☐Applicable ☑Not applicable

(5) Construction materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

23. Bearer biological assets

(1) Bearer biological assets measured at cost

☐Applicable ☑Not applicable

(2) Impairment testing of bearer biological assets measured at cost

☐Applicable ☑Not applicable

(3) Bearer biological assets measured at fair value

☐Applicable ☑Not applicable

24. Oil and gas assets

☐Applicable ☑Not applicable

25. Right-of-use assets

(1) Description of right-of-use assets

Unit: RMB

Item	Buildings and structures	Total
I. Original carrying amount		
1. Opening balance	18,102,554.51	18,102,554.51
2. Increase for the period	943,335.64	943,335.64
(1) Leased in	943,335.64	943,335.64
3. Decrease for the period	8,978,323.97	8,978,323.97
(1) Termination or expiry	8,978,323.97	8,978,323.97
4. Closing balance	10,067,566.18	10,067,566.18
II. Accumulated depreciation		
1. Opening balance	5,905,745.64	5,905,745.64
2. Increase for the period	3,823,194.73	3,823,194.73
(1) Provision	3,823,194.73	3,823,194.73
3. Decrease for the period	2,800,885.30	2,800,885.30
(1) Disposals		
(2) Surrender or expiry of lease	2,800,885.30	2,800,885.30
4. Closing balance	6,928,055.07	6,928,055.07
III. Impairment allowance		
1. Opening balance		
2. Increase for the period		
(1) Provision		
3. Decrease for the period		
(1) Disposals		
4. Closing balance		
IV. Carrying amount		
1. Carrying amount at the end of period	3,139,511.11	3,139,511.11
2. Carrying amount at the beginning of period	12,196,808.87	12,196,808.87

(2) Impairment testing of right-of-use assets

☐Applicable ☑Not applicable

Other information:

26. Intangible assets

(1) Description of intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patented technology	Software and software licence fees	Franchise rights	Total
I. Original carrying amount						
1. Opening balance	10,603,886.80	2,300,000.00		1,021,530,300.67	67,533,966.69	1,101,968,154.16
2. Increase for the period				124,493,813.75		124,493,813.75
(1) Purchases						
(2) In-house R&D				124,493,813.75		124,493,813.75
(3) Additions due to business merger						
3. Decrease for the period						
(1) Disposals						
4. Closing balance	10,603,886.80	2,300,000.00		1,146,024,114.42	67,533,966.69	1,226,461,967.91
II. Accumulated amortization						
1. Opening balance	919,003.72	1,280,000.00		332,452,912.99	34,329,766.60	368,981,683.31
2. Increase for the period	212,077.74	180,000.00		133,759,135.01	6,753,396.67	140,904,609.42
(1) Provision	212,077.74	180,000.00		133,759,135.01	6,753,396.67	140,904,609.42
3. Decrease for the period						
(1) Disposals						
4. Closing balance	1,131,081.46	1,460,000.00		466,212,048.00	41,083,163.27	509,886,292.73
III. Impairment allowance						
1. Opening balance						
2. Increase for the period						
(1) Provision						
3. Decrease for the period						
(1) Disposals						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of period	9,472,805.34	840,000.00		679,812,066.42	26,450,803.42	716,575,675.18
2. Carrying amount at the beginning of period	9,684,883.08	1,020,000.00		689,077,387.68	33,204,200.09	732,986,470.85

Intangible assets arising from the Company's internal research and development accounted for 73.97% of the balance of intangible assets at the end of the period.

(2) Data resources recognized as intangible assets

☐Applicable ☑Not applicable

(3) Description of land use rights for which property ownership certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reasons for not obtaining property ownership certificate

Other information:

(4) Impairment testing of intangible assets

☐Applicable ☑Not applicable

27. Goodwill

(1) Original carrying amount of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period	Decrease for the period	Closing balance
		Arising from business combinations	Disposal	
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72			1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd.	19,965,281.29			19,965,281.29
Hangzhou Huikang IoT Technology Co., Ltd.	1,021,541,839.57			1,021,541,839.57
Hangzhou Zhuoteng Information Technology Co., Ltd.	15,989,472.27			15,989,472.27
Hangzhou Minotech Technology Co., Ltd.	34,652,019.35			34,652,019.35
Lanzhou Yuanteng Software Technology Co., Ltd.	17,218,286.25			17,218,286.25
Total	1,110,488,876.45			1,110,488,876.45

(2) Impairment allowance of goodwill

Unit: RMB

Name of investee or transaction giving rise to goodwill	Opening balance	Increase for the period	Decrease for the period	Closing balance
		Provision	Disposal	
Hangzhou Weiqin Technology Co., Ltd.	1,121,977.72			1,121,977.72
Guangdong Zhongtuo Information Technology Co., Ltd.	4,640,297.93			4,640,297.93
Hangzhou Huikang IoT Technology Co., Ltd.	214,971,105.35	91,217,762.04		306,188,867.39
Hangzhou Minotech Technology Co., Ltd.	23,004,348.68	4,089,342.75		27,093,691.43
Total	243,737,729.68	95,307,104.79		339,044,834.47

(3) Information regarding the asset group or portfolio of asset groups to which the goodwill relates

Name	Composition and basis of the asset group or portfolio	Operating segment to which it belongs and and the basis	Consistency with previous years
Zhongtuo Information asset group	Composition of the asset group: Zhongtuo Information asset group; Basis: capable of generating cash inflows independently.	The Company manages its business as a whole and assesses operating results as a single entity, without distinguishing between operating segments.	Yes
Huikang IoT asset group	Composition of the asset group: Huikang IoT asset group; Basis: capable of generating cash inflows independently.	The company manages its business as a single entity and assesses operating results as a single entity, without distinguishing between operating segments.	Yes
Zhuoteng Information asset group	Composition of the asset group: Zhuoteng Information asset group; Basis: capable of generating cash inflows independently.	The Company manages its business as a whole and assesses operating results as a single entity, without distinguishing between operating segments.	Yes
Minotech asset group	Composition of the asset group: Minotech asset group; Basis: capable of generating cash inflows independently.	The Company manages its business as a whole and assesses operating results as a single entity, without distinguishing between operating segments.	Yes
Lanzhou Yuanteng asset group	Composition of the asset group: Lanzhou Yuanteng asset group; Basis: capable of generating cash inflows independently.	The Company manages its business as a whole and assesses operating results as a single entity, without distinguishing between operating segments.	Yes

Changes to asset groups or portfolios of asset groups

Name	Composition prior to the change	Composition after the change	Objective facts and basis for the change

Other information

(4) Specific method for determining the recoverable amount

The recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☑Applicable ☐Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Number of years in the forecast period	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining key parameters for the stable period
Zhongtuo Information	36,735,727.04	41,000,000.00		5 years	Compound growth rate of revenue: 5.34% Operating profit margin: 24.24% to 28.08%	Revenue growth rate: 0% Operating profit margin: 27.78%	Forecast data and parameters for the stable period are based on projections using relevant data for 2031
Huikang IoT	996,217,762.04	905,000,000.00	91,217,762.04	5 years	Compound growth rate of revenue: 8.65% Operating profit margin: 21.85% to 29.41%	Revenue growth rate: 0% Operating profit margin: 29.41%	Forecast data and parameters for the stable period are based on projections using relevant data for 2031
Zhuoteng Information	56,319,847.92	71,000,000.00		5 years	Compound growth rate of revenue: 8.92% Operating profit margin: 7.22% to 37.10%	Revenue growth rate: 0% Operating profit margin: 34.85%	Forecast data and parameters for the stable period are based on projections using relevant data for 2031
Minotech	68,018,319.11	60,000,000.00	4,089,342.75	5 years	Compound growth rate of revenue: 43.80% Operating profit margin: 19.96% to 43.40%	Revenue growth rate: 0% Operating profit margin: 43.40%	Forecast data and parameters for the stable period are based on projections using relevant data for 2031
Lanzhou Yuanteng	104,998,797.22	192,000,000.00		5 years	Compound growth rate of revenue: 0.26% Operating profit margin: 20.76% to 29.55%	Revenue growth rate: 0% Operating profit margin: 20.76%	Forecast data and parameters for the stable period are based on projections using relevant data for 2031
Total	1,262,290,453.33	1,269,000,000.00	95,307,104.79				

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(5) Fulfilment of performance commitments and corresponding goodwill impairment

Performance commitments existed when goodwill was formed and the reporting period or the period immediately preceding the reporting period was within the performance commitment period

☑Applicable ☐Not applicable

Unit: RMB

Item	Fulfilment of results performance commitments						Amount of goodwill impairment	
	Current period			Previous period			Current period	Previous period
	Committed results performance	Actual results performance	Attainment ratio	Committed results performance	Actual results performance	Attainment ratio		
Lanzhou Yuanteng – Net profit attributable to owners of the parent company after deducting non-recurring items	24,000,000.00	25,370,928.95	105.71%	20,000,000.00	21,199,009.68	106.00%		

Other information:

28. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Amount of increase for the period	Amortization for the period	Amount of other decrease	Closing balance
Leasehold improvements	354,367.08		354,367.08		
Total	354,367.08		354,367.08		

Other information:

29. Deferred tax assets/deferred tax liabilities

(A) Deferred tax assets which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment allowance of assets	781,802,587.73	79,727,739.49	649,125,062.05	66,289,976.59
Unrealized profits on intragroup transactions	1,534,239.21	168,454.62	1,379,189.21	137,918.92
Tax-deductible losses	209,134,296.60	20,913,429.66		
Changes in fair value of other non-current financial assets	59,909,508.68	5,990,950.87		
Share-based payment	1,746,164.33	174,616.43	2,391,952.50	239,195.25
Lease liabilities	2,645,259.57	271,535.37	11,588,454.28	1,198,949.51
Estimated liabilities	927,750.00	92,775.00	210,000.00	21,000.00
Total	1,057,699,806.12	107,339,501.44	664,694,658.04	67,887,040.27

(B) Deferred tax liabilities which have not been offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Other comprehensive income				
Changes in fair value of financial assets held for trading	2,597.14	129.86	28,867.24	4,330.09
Changes in fair value of other non-current financial assets			5,983,372.61	598,337.26
Right-of-use assets	3,139,511.11	330,485.99	12,196,808.87	1,268,735.25
Total	3,142,108.25	330,615.85	18,209,048.72	1,871,402.60

(C) Presentation of deferred tax assets or liabilities on a netting basis

Unit: RMB

Item	Offsetting amount of deferred tax assets and liabilities at the end of period	Closing balance of deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities at the beginning of period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	330,615.85	107,008,885.59	1,871,402.60	66,015,637.67
Deferred tax liabilities	330,615.85		1,871,402.60	

(D) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Impairment allowance of assets	375,449,148.36	278,999,018.21
Total	375,449,148.36	278,999,018.21

(E) Deductible losses, for which no deferred tax assets are recognized, will expire in the following year

Unit: RMB

Year	Closing balance	Opening balance	Remarks

Other information:

30. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount

Other information:

31. Assets subject to restrictions on ownership or use

Unit: RMB

Item	End of period				Beginning of period			
	Book balance	Carrying amount	Type of restriction	Restriction status	Book balance	Carrying amount	Type of restriction	Restriction status
Cash at bank and on hand	4,847,920.87	4,847,920.87	Pledged and frozen	Pledged funds of RMB1,287,497.39 represents other cash at bank and on hand, including margin for bank acceptance bills of RMB411,095.08, letter of guarantee deposit of RMB851,302.31 and other security deposits of RMB25,100.00; frozen funds of RMB3,560,423.48 includes an amount of RMB3,552,662.24 being frozen in relation to litigation (the relevant litigation was settled subsequently, and the bank account was released on 6 March 2026) and the balance of RMB7,761.24 in dormant account.	2,947,265.78	2,947,265.78	Pledged and frozen	Pledged funds of RMB2,863,892.78 represents other cash at bank and on hand, including margin for bank acceptance bills of RMB1,875,690.47, letter of guarantee deposit of RMB952,102.31, and other security deposits of RMB36,100.00; frozen funds of RMB83,373.00 are funds frozen in connection with litigation.
Notes receivable					50,000.00	35,000.00	Frozen	All relate to discount financing of commercial acceptance bills that have not been derecognized
Accounts receivable	10,806,490.00	8,357,426.94	Factoring	All accounts receivable factoring is on a recourse basis	1,590,000.00	1,510,500.00	Factoring	All accounts receivable factoring is on a recourse basis
Total	15,654,410.87	13,205,347.81			4,587,265.78	4,492,765.78		

Other information:

32. Short-term borrowings

(A) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	59,218,266.67	49,776,875.00
Interest on short-term borrowings	460,944.00	62,211.81
Total	59,679,210.67	49,839,086.81

Description of the classification of short-term borrowings:

The closing balance of secured borrowings relates to letter of credit forfaiting; the opening balance comprises letter of credit forfaiting of RMB49,726,875.00 and commercial acceptance bill discounting of RMB50,000.00 that has not yet been derecognized.

(B) Description of overdue and outstanding short-term borrowings

The total amount of overdue and outstanding short-term borrowings at the end of the period was RMB0.00. Details of significant overdue and outstanding short-term borrowings are as follows:

Unit: RMB

Borrowing entity	Closing balance	Interest rate	Overdue period	Overdue interest rate

Other information:

33. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	**2,550,000.00**	5,100,000.00
Of which:		
Contingent consideration for the acquisition of shares in a subsidiary	**2,550,000.00**	5,100,000.00
Of which:		
Total	**2,550,000.00**	5,100,000.00

Other information:

Pursuant to the 'Investment Agreement Regarding Lanzhou Yuanteng Software Technology Co., Ltd." signed between the Company and Zhu Shehui, Yang Shuzhen, Lanzhou Juyuan Zhongteng Enterprise Management Partnership (Limited Partnership) and Lanzhou Yuanteng in April 2023, the Company acquired a total of 51.00% of the equity in Lanzhou Yuanteng held by the aforementioned shareholders for a consideration of RMB51 million. Following the equity transfer, the Company holds 51.00% of the equity in Lanzhou Yuanteng. Pursuant to the Investment Agreement, the total investment amount of RMB51 million shall be paid in four instalments, of which: the first instalment of RMB40.8 million, and the second, third and fourth instalments of RMB5.1 million, RMB2.55 million and RMB2.55 million respectively, shall be paid according to the operating performance of Lanzhou Yuanteng in 2023, 2024 and 2025. As of 31 December 2025, the operating performance targets for the 2023–2025 financial years had all been met; the ending balance represents the fourth instalment of the equity transfer payment which remains outstanding.

34. Derivative financial liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

35. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance bills	6,452,450.70	38,725,454.64
Total	6,452,450.70	38,725,454.64

The total amount of notes payable that have fallen due but remain unpaid at the end of the period is RMB0.00. The reason for non-payment upon maturity is none.

36. Accounts payable

(A) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment of goods	673,346,457.38	629,791,932.07
Construction payments	18,191,311.51	42,625,615.82
Others	2,932,910.95	4,168,007.93
Total	694,470,679.84	676,585,555.82

(B) Significant accounts payable aged over one year or past due

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Other information:

(C) Are there any overdue payments to small and medium-sized enterprises?

Is it a large enterprise?

☑Yes ☐No

Are there any overdue payments to small and medium-sized enterprises?

☐Yes ☑No

37. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	19,358,317.75	25,401,879.37
Total	19,358,317.75	25,401,879.37

(A) Interest payable

Unit: RMB

Item	Closing balance	Opening balance

Significant interest which is overdue but remains unsettled:

Unit: RMB

Borrowing entity	Overdue amount	Reason for overdue

Other information:

(B) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance

Other information, including significant dividends payable that have been outstanding for more than one year, should disclose the reasons for non-payment:

(C) Other payables

C.i) Presentation of other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Deposits and security money	6,828,882.35	7,476,924.36
Reimbursements payable	6,306,311.74	11,928,866.02
Temporary receipts payable	2,468,316.21	1,687,047.26
Others	3,754,807.45	4,309,041.73
Total	19,358,317.75	25,401,879.37

C.ii) Significant other payables aged over one year or past due

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry-forward

Other information:

38. Receipts in advance

(A) Presentation of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Lease payment of properties	23,161.75	84,501.44
Total	23,161.75	84,501.44

(B) Significant receipts in advance outstanding for more than one year or past due

Unit: RMB

Item	Closing balance	Reasons for non-repayment or carry forward

Unit: RMB

Item	Amount of change	Reason for change

39. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	163,874,083.90	136,637,645.86
Total	163,874,083.90	136,637,645.86

Significant contract liabilities aged over one year

Unit: RMB

Item	Closing balance	Reason for non-repayment or carry forward
Dezhou Sixth People's Hospital	28,678,101.50	Conditions for revenue recognition are not met
	28,678,101.50	

Amount and reason for significant changes in carrying amount during the reporting period

Unit: RMB

Item	Amount of change	Reason for change

40. Employee benefits payable

(A) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term benefits	49,611,597.69	673,960,693.39	662,436,642.10	61,135,648.98
II. Post-employment benefits – defined contribution plan	2,700,964.35	52,350,408.25	52,304,624.79	2,746,747.81
III. Severance benefits		4,500,938.68	4,500,938.68	
Total	52,312,562.04	730,812,040.32	719,242,205.57	63,882,396.79

(B) Presentation of short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	47,457,507.39	577,928,543.31	566,492,897.73	58,893,152.97
2. Employee welfare expenses		30,349,240.12	30,349,240.12	
3. Social insurance contributions	1,736,141.01	29,575,523.51	29,614,389.46	1,697,275.06
Of which: medical insurance	1,687,735.66	27,757,915.10	27,807,524.42	1,638,126.34
Work-related injuries insurance	39,750.17	937,972.99	923,319.12	54,404.04
Maternity insurance	8,655.18	879,635.42	883,545.92	4,744.68
4. Housing provident fund	71,748.40	34,823,910.35	34,764,322.23	131,336.52
5. Trade union fees and employee education expenses	346,200.89	1,283,476.10	1,215,792.56	413,884.43
Total	49,611,597.69	673,960,693.39	662,436,642.10	61,135,648.98

(C) Presentation of the defined contribution plan

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	2,611,014.43	50,581,153.78	50,558,874.46	2,633,293.75
2. Unemployment insurance fee	89,949.92	1,769,254.47	1,745,750.33	113,454.06
Total	2,700,964.35	52,350,408.25	52,304,624.79	2,746,747.81

Other information:

41. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	126,853,798.45	140,578,755.93
Enterprise income tax	6,288,315.91	11,076,782.49
Personal income tax	2,235,540.90	2,515,671.86
Urban maintenance and construction tax	12,351,379.53	13,243,899.30
Education surcharge	4,963,404.80	5,807,307.01
Local education surcharge	3,309,791.83	3,070,877.03
Property tax	2,423,199.32	1,730,388.59
Land use tax	235,548.24	236,344.67
Stamp duty	240,563.71	230,987.33
Others	96.30	1,345.79
Total	158,901,638.99	178,492,360.00

Other information:

42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	2,121,956.04	4,865,733.44
Total	2,121,956.04	4,865,733.44

Other information:

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax to be transferred	15,375,265.54	12,480,612.18
Factoring of accounts receivable	10,806,490.00	1,590,000.00
Total	26,181,755.54	14,070,612.18

Changes (increase/decrease) in short-term bonds payable:

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period	Closing balance	Whether there is default
Total												

Other information:

45. Long-term borrowings

(A) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance

Description of the classification of long-term borrowings:

Other information, including the range of interest rate:

46. Bonds payable

(A) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance

(B) Changes (increase/decrease) in bonds payable (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

Unit: RMB

Bond name	Nominal value	Coupon rate	Issue date	Maturity	Issue amount	Opening balance	Current issue	Interest accrued at par	Amortization of premium/ discount	Repayments during the period	Closing balance	Whether there is default
Total	-											-

(C) Description of convertible corporate bonds

(D) Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of period		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Description of the basis for classifying other financial instruments as financial liabilities

Other information:

47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	529,432.23	7,480,223.05
Less: Unrecognized finance costs	-6,128.70	-757,502.21
Total	523,303.53	6,722,720.84

Other information:

48. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance

(A) Presentation of long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance

Other information:

(B) Special-purpose payables

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation

Other information:

49. Long-term employee benefits payable

(A) A table showing long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance

(B) Movements in defined benefit plans

Present value of defined benefit plan obligations:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Plan assets:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Net liability (net asset) of defined benefit plans

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of the defined benefit plan, associated risks, and the impact on the Company's future cash flows, timing and uncertainty:

Description of the key actuarial assumptions and sensitivity analysis results for the defined benefit plan:

Other information:

50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason for formation
Pending litigation	**927,750.00**	**210,000.00**	**Compensation awarded in litigation**
Total	**927,750.00**	**210,000.00**	

Other information, including significant assumptions and estimates relating to significant estimated liabilities:

51. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for formation
Government grants	5,624,169.12	1,110,000.00	1,695,575.54	5,038,593.58	Grants from the government free of charge
Total	5,624,169.12	1,110,000.00	1,695,575.54	5,038,593.58	

Other information:

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other information:

53. Share capital

Unit: RMB

	Opening balance	Changes (+/-) during the period					Closing balance
		Issue of new shares	Bonus shares	Conversion of capital reserve to shares	Others	Subtotal	
Total number of shares	**1,549,124,692.00**						**1,549,124,692.00**

Other information:

54. Other equity instruments

(A) Basic information on other financial instruments, such as preference shares and perpetual bonds, outstanding at the end of the period

(B) A table showing the changes in financial instruments such as preference shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Opening balance		Increase for the period		Decrease for the period		End of period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Changes (increase/decrease) in other equity instruments during the period, reasons for such changes, and the basis for the relevant accounting treatment:

Other information:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (share premium)	1,499,245,533.60	2,335,021.72	18,738,484.19	1,482,842,071.13
Other capital reserve	49,276,635.59	1,619,313.00	23,646,742.50	27,249,206.09
Total	1,548,522,169.19	3,954,334.72	42,385,226.69	1,510,091,277.22

Other information, including changes (increase/decrease) during the period and explanations of the reasons for such changes:

Capital reserve (share premium) increased by RMB2,335,021.72 during the current period, arising from the Company's acquisition of minority shareholdings in a subsidiary, where the additional investment cost was less than the share of net assets calculated continuously from the merger date attributable to the new shareholding ratio, resulting in a corresponding increase in share premium of RMB2,335,021.72. For further details, please refer to Section VIII, sub-section 2 of "X. Interests in other entities".

Capital reserve (share premium) decreased by RMB18,738,484.19 during the current period, as the Company utilized repurchased treasury shares for the employee share ownership scheme. Please refer to Section VIII, "XV. Description of share-based payment" for further details.

Capital reserve (other capital reserve) increased by RMB1,619,313.00 during the current period, comprising: 1) RMB1,615,218.41 recognized as share-based payment expenses in the current period under the Company's employee share ownership scheme, as detailed in Section VIII, "XV. Description of share-based payment; 2) For the portion of share-based payment expenses recognized on the books where the estimated tax-deductible amount in future periods is expected to exceed the recognized amount, a deferred income tax asset was provided for whilst capital reserve (other capital reserve) was increased by RMB14,094.59.

Capital reserve (other capital reserve) decreased by RMB23,646,742.50 during the current period due to a reduction in share-based payment expenses; for details, please refer to Section VIII, "XV. Description of share-based payment".

56. Treasury shares

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Shares repurchased	31,000,786.19		31,000,786.19	
Total	31,000,786.19		31,000,786.19	

Other information, including changes (increase/decrease) during the period and reasons for such changes:

The decrease of RMB31,000,786.19 in repurchased shares in the current period is attributable to the Company utilising the repurchased treasury shares for the employee share ownership scheme; please refer to Section VIII, "XV. Description of share-based payment".

57. Other comprehensive income

Unit: RMB

Item		Amount incurred in the period						
	Opening balance	Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority interests after tax	Closing balance
I. Other comprehensive income that cannot be reclassified to profit or loss	1,849,257.53	-128,058.65				-128,058.65		1,721,198.88
Other comprehensive income that cannot be converted to profit or loss under the equity method	6,788,585.79	3,023,334.88				3,023,334.88		9,811,920.67
Change in fair value of other investments in equity instruments	-4,939,328.26	-3,151,393.53				-3,151,393.53		-8,090,721.79
Total other comprehensive income	1,849,257.53	-128,058.65				-128,058.65		1,721,198.88

Other information, including adjustment of the effective part of the cash flow hedge gains and losses transferred to initially recognized amount of hedged items:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance

Other information, including details of increase and decrease for the period and reasons for such changes:

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	137,526,898.70			137,526,898.70
Total	137,526,898.70			137,526,898.70

Description of surplus reserve, including details of increase and decrease for the period and reasons for such changes:

60. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Adjusted opening balance of undistributed profit	1,213,225,708.93	1,402,190,565.46
Add: Net profit attributable to owners of the parent company for the current period	-401,653,589.52	-173,520,591.61
Less: Dividends payable on ordinary shares		15,444,264.92
Closing balance of undistributed profit	811,572,119.41	1,213,225,708.93

Details of adjustments to the opening balance of undistributed profits:

i) Effect on the opening balance of undistributed profits due to retrospective adjustment pursuant to the Accounting Standards for Business Enterprises and related new provisions: Nil.

ii) Effect on the opening balance of undistributed profits due to changes in accounting policies: Nil.

iii) Effect on the opening balance of undistributed profits due to the correction of material accounting errors: Nil.

iv) Effect on the opening balance of undistributed profits due to changes in the scope of consolidation resulting from business merger involving entities under common control: Nil.

v) Effect on the opening balance of undistributed profits due to other adjustments: Nil.

Description of utilization of capital reserve to make up for losses:

61. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	1,041,322,785.19	668,929,714.26	1,417,489,556.17	776,013,972.85
Other operations	10,399,463.08	8,055,854.13	5,155,606.91	3,882,577.88
Total	1,051,722,248.27	676,985,568.39	1,422,645,163.08	779,896,550.73

Is the lower of the audited net profit before and after deduction of non-recurring gain or loss negative

☑Yes ☐No

Unit: RMB

Item	Current year	Details of deductions	Previous year	Details of deductions
Amount of operating revenue	1,051,722,248.27	–	1,422,645,163.08	–
Total amount of deductions from operating revenue	10,399,463.08	–	5,155,606.91	–
Total amount of deductions from operating revenue as a percentage of operating revenue	0.99%		0.36%	
I. Income from non-core operations				
1. Income from business activities other than normal operations. This includes income generated from the leasing of fixed assets, intangible assets and packaging materials; sale of materials; exchange of materials for non-monetary assets; and the operation of entrusted management services; as well as income that, although included in revenue from core operations, is not part of the listed company's normal operations.	10,399,463.08	Leasing of fixed assets, provision of property services, etc.	5,155,606.91	Leasing of fixed assets, provision of promotional services, etc.
Subtotal of revenue from non-core operations	10,399,463.08	–	5,155,606.91	–
II. Revenue lacking commercial substance				
Subtotal of revenue lacking commercial substance	0.00	–	0.00	–
Amount of operating revenue after deductions	1,041,322,785.19	–	1,417,489,556.17	–

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which:						
Software sales	335,164,107.20	213,155,390.61			335,164,107.20	213,155,390.61
Technical services	581,474,951.51	350,539,465.34			581,474,951.51	350,539,465.34
System integration	117,694,227.25	101,805,323.24			117,694,227.25	101,805,323.24
Others	17,388,962.31	11,485,389.20			17,388,962.31	11,485,389.20
By operating region						
Of which:						
Eastern China	373,542,779.01	219,995,541.68			373,542,779.01	219,995,541.68
Southern China	124,193,360.53	104,975,009.64			124,193,360.53	104,975,009.64
Northern China	116,670,466.01	95,690,246.76			116,670,466.01	95,690,246.76
Central China	138,484,391.95	70,969,361.56			138,484,391.95	70,969,361.56
Northwest Region	176,943,783.40	109,189,126.67			176,943,783.40	109,189,126.67
Other regions	121,887,467.37	76,166,282.08			121,887,467.37	76,166,282.08
Market or customer type						
Of which:						
Contract type						
Of which:						
Classified by the time of transfer of goods						
Of which:						
Classified by contract duration						
Of which:						
Classified by sales channel						
Of which:						
Total						

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company.

(ii) Technical services

Technical services include software development services and hardware and software maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has confirmed acceptance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Hardware and software maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration services and intelligent network cabling engineering integration services. Computer information equipment system integration services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration services constitute performance obligations to be satisfied over a period of time; the progress of service provision is determined based on the actual progress of the engineering project, and revenue is recognized in accordance with that progress.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue amount corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed at the end of the reporting period was RMB1,552,050,706.02.

Information regarding variable consideration in contracts:

Significant contract modifications or significant adjustments to the transaction price

Unit: RMB

Item	Accounting treatment method	Amount of impact on revenue

Other information:

62. Taxes and surcharges

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	3,385,929.57	5,203,211.92
Education surcharge	1,479,346.27	2,235,143.44
Local education surcharge	986,434.52	1,492,222.16
Other taxes and surcharges	5,811,224.89	4,286,599.03
Total	11,662,935.25	13,217,176.55

Other information:

63. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	128,124,683.59	123,362,992.08
Office expenses	16,397,803.98	20,375,755.34
Transportation and travel expenses	10,964,028.09	12,080,154.71
Business entertainment expenses	3,754,330.28	4,595,459.73
Depreciation	18,459,785.78	19,379,811.34
Amortization	9,281,466.28	12,378,190.40
Service fee	8,432,414.75	9,760,558.50
Others	3,833,252.81	7,212,841.73
Total	199,247,765.56	209,145,763.83

Other information:

64. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	40,289,345.52	56,880,386.49
Business entertainment expenses	11,487,808.40	12,145,769.83
Transportation and travel expenses	10,014,195.99	10,217,396.03
Consultancy fees	13,125,572.28	23,798,013.80
Office expenses	4,803,405.71	6,628,757.66
Advertising and business promotion expenses	3,017,898.85	3,442,158.61
Depreciation	2,899,937.17	2,116,602.67
Others	2,898,166.10	5,472,483.57
Total	88,536,330.02	120,701,568.66

Other information:

65. Research and development expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	141,420,321.00	137,985,961.52
Depreciation and amortization	141,077,612.67	119,166,803.03
Others	13,149,496.22	12,128,445.21
Total	295,647,429.89	269,281,209.76

Other information:

66. Finance costs

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	1,055,144.35	1,239,176.75
Less: interest income	11,379,324.03	44,202,804.23
Others	485,148.46	213,391.06
Total	-9,839,031.22	-42,750,236.42

Other information:

67. Other income

Unit: RMB

Sources of other income	Amount incurred in the current period	Amount incurred in the previous period
Government grants relating to assets	105,116.36	76,416.36
Government grants relating to income	41,014,723.03	21,600,380.31
Of which: VAT refund upon collection	16,841,569.65	17,860,546.81
Refund of service fees of withholding individual income tax	336,280.27	109,734.55
VAT reduction for small-scale taxpayers	4,741.86	7,037.72
Total	41,460,861.52	21,793,568.94

68. Gains from net exposure hedging

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Other information:

69. Gains from changes in fair value

Unit: RMB

Source of gains from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Financial assets held for trading	-12,572,227.45	19,178,596.03
Total	-12,572,227.45	19,178,596.03

Other information:

70. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	2,274,415.42	383,408.88
Investment income from disposal of long-term equity investments		-3,743,183.25
Investment income from disposal of financial assets held for trading	2,202,547.04	448,820.05
Interest income from debt investments during the holding period	16,062,095.89	
Investment income from disposal of other non-current financial assets	2,961,791.26	
Dividend income from other non-current financial assets during the holding period		661,651.61
Total	23,500,849.61	-2,249,302.71

Other information:

71. Credit impairment losses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses on notes receivable	1,740,807.83	-1,437,996.88
Bad debt losses on accounts receivable	-135,906,685.81	-139,327,808.58
Bad debt losses on other receivables	-137,124.90	-3,677,412.66
Total	-134,303,002.88	-144,443,218.12

Other information:

72. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss on inventory write-down and impairment loss on contract performance costs	-41,210,627.81	-25,501,826.84
Impairment losses on goodwill	-95,307,104.79	-101,099,524.83
Impairment losses on contract assets	14,027,921.83	-3,843,647.70
Total	-122,489,810.77	-130,444,999.37

Other information:

73. Gains from disposal of assets

Unit: RMB

Source of gains from disposal of assets	Amount incurred in the current period	Amount incurred in the previous period
Gain from disposal of fixed assets	663,124.58	8,443.32
Gain from disposal of right-of-use assets	-19,395.25	12,719.38
Total	643,729.33	21,162.70

74. Non-operating revenue

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Gain from scrapping of fixed assets	1,032.66		1,032.66
Failed payment	3,142,331.25	3,620,836.02	3,142,331.25
Others	48,485.98	178,752.32	48,485.98
Total	3,191,849.89	3,799,588.34	3,191,849.89

Other information:

75. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring gains and losses in the current period
Donations to external parties	2,690,301.52	1,049,592.40	2,690,301.52
Losses on damage and scrapping of non-current assets	38,249.01	716,616.01	38,249.01
Others	1,740,551.11	560,703.34	1,740,551.11
Total	4,469,101.64	2,326,911.75	4,469,101.64

Other information:

76. Income tax expenses

(A) Table of income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current period income tax expenses	15,878,250.97	18,699,533.64
Deferred tax expenses	-40,979,153.33	-12,886,610.81
Total	-25,100,902.36	5,812,922.83

(B) Reconciliation of income tax expenses to the accounting profit

Unit: RMB

Item	Amount incurred in the current period
Total profit	-415,555,602.01
Income tax expense calculated based on statutory/applicable tax rate	-62,333,340.30
Impact of different tax rates applicable to subsidiaries	335,212.10
Impact of adjustments to income tax of prior periods	2,136,900.20
Impact of non-taxable income	7,467,700.07
Effect of non-deductible costs, expense and loss	-3,540,077.30
Effect of utilizing deductible loss not recognized for deferred tax assets from prior periods	-1,112,679.63
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	31,945,382.50
Income tax expense	-25,100,902.36

Other information:

77. Other comprehensive income

Please refer to note 57 in "VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS" for further details.

78. Items in the cash flow statement

(A) Cash in relation to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government grants	23,692,694.20	4,591,833.50
Deposits and security money	4,351,375.38	860,153.19
Recovery of cash at bank and on hand not meeting the definition of cash and cash equivalents	2,947,265.78	6,960,142.36
Interest income	11,379,324.03	44,202,804.23
Rental income	10,726,611.17	5,101,281.19
Others	3,847,254.63	4,015,679.73
Total	56,944,525.19	65,731,894.20

Description of other cash receipts relating to operating activities:

Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of cash at bank and on hand not meeting the definition of cash and cash equivalents	4,847,920.87	2,947,265.78
Cash operating expenses	136,012,897.27	171,930,945.69
Other	3,400,413.52	1,835,606.02
Total	144,261,231.66	176,713,817.49

Description of other cash payments relating to operating activities:

(B) Cash in relation to investing activities

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of short-term bank wealth management products	1,083,666,287.74	112,300,000.00
Recovery of borrowed funds		500,000.00
Total	1,083,666,287.74	112,800,000.00

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of other cash receipts relating to investing activities:

Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of short-term bank wealth management products	1,553,280,000.00	109,350,000.00
Payment of borrowed funds		3,000,000.00
Net cash paid for the disposal of subsidiary		6,405,789.29
Total	1,553,280,000.00	118,755,789.29

Significant cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Description of other cash payments relating to investing activities:

(C) Cash in relation to financing activities

Other cash receipts relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Factoring of accounts receivable	10,806,490.00	1,590,000.00
Receipts from employee share scheme contributions	12,262,302.00	
Total	23,068,792.00	1,590,000.00

Description of other cash receipts relating to financing activities:

Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Repayment of borrowed funds and interest		2,000,000.00
Payment of lease payments	4,040,280.24	6,474,082.00
Total	4,040,280.24	8,474,082.00

Description of other cash payments relating to financing activities:

Changes in liabilities arising from financing activities

☑Applicable ☐Not applicable

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term borrowings	49,839,086.81	59,218,266.67	743,351.04	50,071,493.85	50,000.00	59,679,210.67
Other current liabilities	1,590,000.00	10,806,490.00			1,590,000.00	10,806,490.00
Lease liabilities (including lease liabilities due within one year)	11,588,454.28		946,977.65	4,040,280.24	5,849,892.12	2,645,259.57
Total	63,017,541.09	70,024,756.67	1,690,328.69	54,111,774.09	7,489,892.12	73,130,960.24

(D) Presentation of cash flows on a netting basis

Item	Relevant facts	Basis for presentation on a netting basis	Financial impact

(E) Significant activities and financial impacts that do not involve cash receipts or payments in the current period but affect the entity's financial position or may affect the entity's cash flows in the future

(i) For details of significant investing and financing activities not involving cash receipts or payments, please refer to Note V(III)3 to these financial statements.

(ii) Amount of commercial bills endorsed and transferred not involving cash receipts or payments

Item	Amount in current period	Amount for the same period in last year
Amount of commercial bills endorsed and transferred	1,884,750.00	17,960,796.84
Of which: payment for goods	1,884,750.00	17,960,796.84

79. Supplementary information to the cash flow statement

(A) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Reconcile net profit to cash flow from operating activities		
Net profit	-390,454,699.65	-167,331,308.80
Add: Impairment allowance of assets	256,792,813.65	274,888,217.49
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of bearer biological assets	32,348,759.06	24,954,201.64
Depreciation of right-of-use assets	3,823,194.73	6,060,345.81
Amortization of intangible assets	140,904,609.42	122,479,489.55
Amortization of long-term prepaid expenses	354,367.08	2,005,462.63
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by a "-" sign)	-643,729.33	-21,162.70
Losses on scrapping of fixed assets (gains are indicated by a "-" sign)	37,216.35	716,616.01
Losses on changes in fair value (gains are indicated by a "-" sign)	12,572,227.45	-19,178,596.03
Finance costs (gains are indicated by a "-" sign)	1,055,144.35	1,239,176.75
Investment losses (gains are indicated by a "-" sign)	-23,500,849.61	2,249,302.71
Decrease in deferred tax assets (increase is indicated by a "-" sign)	-40,979,153.33	-12,885,383.27
Increase in deferred tax liabilities (decrease is indicated by a "-" sign)		-1,227.54
Decrease in inventories (increase is indicated by a "-" sign)	-66,770,405.69	-95,657,768.85
Decrease in trade receivables (increase is indicated by a "-" sign)	47,823,209.56	-102,460,789.43
Increase in trade payables (decrease is indicated by a "-" sign)	27,479,791.82	81,942,548.38
Others	-22,041,524.09	-4,266,290.59
Net cash flow from operating activities	-21,199,028.23	114,732,833.76

Supplementary information	Amount in the current period	Amount in the previous period
2. Significant investing and financing activities not involving cash receipts or payments		
Conversion of debt to equity		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net movement in cash and cash equivalents:		
Closing balance of cash	450,647,555.97	1,015,947,299.86
Less: Opening balance of cash	1,015,947,299.86	1,087,426,498.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-565,299,743.89	-71,479,198.51

(B) Net cash paid to acquire subsidiaries during the period

Unit: RMB

	Amount
Of which:	
Of which:	
Of which:	

Other information:

(C) Net cash received from the disposal of subsidiaries during the period

Unit: RMB

	Amount
Of which:	
Of which:	
Of which:	

Other information:

(D) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	450,647,555.97	1,015,947,299.86
Of which: Cash on hand	56,093.63	37,391.93
Bank deposits available for immediate payment	450,124,761.87	635,266,927.48
Other cash at bank and on hand available for immediate use	466,700.47	380,642,980.45
III. Closing balance of cash and cash equivalents	450,647,555.97	1,015,947,299.86

(E) Item classified as cash and cash equivalents despite restrictions on their use

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for classification as cash and cash equivalents

(F) Cash at bank and on hand not classified as cash and cash equivalents

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Reason for exclusion from cash and cash equivalents
Margin for bills	411,095.08	1,875,690.47	Restricted use
Letter of guarantee deposit	851,302.31	952,102.31	Restricted use
Other security deposits	25,100.00	36,100.00	Restricted use
Other restricted funds	3,560,423.48	83,373.00	Restricted use
Total	4,847,920.87	2,947,265.78	

Other information:

(G) Description of other significant activities

80. Notes to items in the statement of changes in equity

Description of the "Other" items and adjustment amounts used to adjust the balance at the end of the previous year:

81. Foreign currency monetary items

(A) Foreign currency monetary items

Unit: RMB

Item	Balance in foreign currency at the end of period	Conversion rate	Balance translated to RMB at the end of period
Cash at bank and on hand			
Of which: USD			
Euro			
HKD			
Accounts receivable			
Of which: USD			
Euro			
HKD			
Long-term borrowing			
Of which: USD			
Euro			
HKD			

Other information:

(B) Description of overseas operating entities, including, for significant overseas operating entities, disclosure of their principal place of business overseas, functional currency and the basis for the selection; where there has been a change in the functional currency, the reasons for such change shall also be disclosed.

☐Applicable ☑Not applicable

82. Leases

(A) The Company as lessee

☑Applicable ☐Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐Applicable ☑Not applicable

Lease expenses for short-term leases or leases of low-value assets subject to simplified accounting

☑Applicable ☐Not applicable

The amounts of short-term lease expenses and lease expenses for low-value assets included in profit or loss for the period are as follows:

Item	Amount in the current period	Amount for the same period in the last year
Short-term lease expenses	7,450,700.24	7,026,369.80
Total	7,450,700.24	7,026,369.80

Circumstances involving sale and leaseback transactions

(B) The Company as lessor

Operating leases where the Company is the lessor

☑Applicable ☐Not applicable

Unit: RMB

Item	Rental income	Of which: income relating to variable lease payments not included in lease receipts
Rental income	9,989,088.45	
Total	9,989,088.45	

Finance leases as lessor

☐Applicable ☑Not applicable

Undiscounted annual lease receipts for the next five years

☑Applicable ☐Not applicable

Unit: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
1st year	8,495,151.00	8,614,217.83
2nd year	7,984,311.30	8,458,497.65
3rd year	7,828,990.44	8,398,156.53
4th year	7,701,261.75	8,298,209.32
5th year	7,467,326.51	8,200,252.37
Total undiscounted lease receipts after five years	26,646,855.97	36,782,846.17

Reconciliation of undiscounted lease receipts to net investment in the lease

(C) Recognition of gains or losses on finance lease sales as a manufacturer or dealer

☐Applicable ☑Not applicable

83. Data resources

84. Others

VIII. RESEARCH AND DEVELOPMENT EXPENDITURE

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	265,786,330.21	289,631,039.61
Depreciation and amortization	141,077,612.67	119,166,803.03
Others	13,149,496.22	12,128,445.21
Total	420,013,439.10	420,926,287.85
Of which: Expended R&D expenditure	295,647,429.89	269,281,209.76
Capitalized R&D expenditure	124,366,009.21	151,645,078.09

1. R&D projects meeting the criteria for capitalization

Unit: RMB

Item	Opening balance	Amount of increase in the period		Amount of decrease in the period		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to profit or loss in the period	
Software systems	6,316,953.43	124,366,009.21		124,493,813.75		6,189,148.89
Total	6,316,953.43	124,366,009.21		124,493,813.75		6,189,148.89

Significant capitalized R&D projects

Project	R&D progress	Expected completion date	Manner in which economic benefits are expected to be generated	Date of commencement of capitalization	Specific basis for commencing capitalization
Hi-HIS clinical and medical integration and application expansion	Accepted	31 December 2025	Product sales commenced	2 January 2025	Project approval report

Impairment allowance of development expenditure

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Description of impairment test

2. Significant externally acquired projects under development

Project name	Manner in which economic benefits are expected to be generated	Criteria and specific basis for determining capitalization or expensing

Other information:

The Company has no externally acquired projects under development.

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business merger of entities which are not under common control

(A) Business merger of entities which are not under common control occurring during the current period

Unit: RMB

Name of the acquiree	Date of acquisition of equity interest	Cost of acquisition of equity interest	Percentage of equity acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period

Other information:

(B) Cost of merger and goodwill

Unit: RMB

Cost of merger	
– Cash	
– Fair value of non-cash assets	
– Fair value of debt issued or assumed	
– Fair value of equity securities issued	
– Fair value of contingent consideration	
– Fair value of equity interests which were held prior to the acquisition date as at the acquisition date	
– Others	
Total cost of merger	
Less: Share of fair value of identifiable net assets acquired	
Amount by which the cost of goodwill/merger is less than the share of the fair value of identifiable net assets acquired	

Method of determining the fair value of the cost of merger:

Description of contingent consideration and its changes

Main reasons for the formation of significant goodwill:

Other information:

(C) Identifiable assets and liabilities of the acquiree as at the acquisition date

Unit: RMB

	Fair value at the acquisition date	**Carrying amount at the acquisition date**
Assets:		
Cash at bank and on hand		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Accounts payable		
Deferred tax liabilities		
Net assets		
Less: Minority interests		
Net assets acquired		

Method of determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

(D) Gains or losses arising from re-measurement of equity interests which were held prior to the acquisition date at fair value

Are there any transactions involving the acquisition of control during the reporting period through a series of transactions constituting a step-by-step business merger?

☐Yes ☑No

(E) Description regarding the inability to reasonably determine the fair value of the consideration for the merger or the fair value of the acquiree's identifiable assets and liabilities as at the acquisition date or the end of the period of merger

(F) Other information

2. Business merger of entities which are under common control

(A) Business merger of entities which are under common control occurring during the current period

Unit: RMB

Name of the acquiree	Percentage of equity interest acquired in the business merger	Basis for constituting business merger of entities under common control	Date of merger	Basis for determining the date of merger	Revenue of the acquiree from the beginning of the current period to the date of merger	Net profit of the acquiree from the beginning of the current period to the date of merger	Revenue of the acquiree for the comparative period	Net profit of the acquiree for the comparative period

Other information:

(B) Cost of merger

Unit: RMB

Cost of merger	
– Cash	
– Carrying amount of non-cash assets	
– Carrying amount of debt issued or assumed	
– Nominal value of equity securities issued	
– Contingent consideration	

Description of contingent consideration and its changes:

Other information

(C) Carrying amounts of the acquiree's assets and liabilities at the date of merger

Unit: RMB

	On the date of merger	End of previous period
Assets:		
Cash at bank and on hand		
Receivables		
Inventories		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Payables		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liabilities of the acquiree assumed in the business merger:

Other information:

3. Reverse acquisition

Basic transaction information; basis for classifying the transaction as a reverse acquisition; whether the assets and liabilities retained by the listed company constitute a business and the basis therefor; determination of the cost of merger; amounts of equity adjustments and their calculation when treated as an equity transaction:

4. Disposal of subsidiaries

Whether there were any transactions or events during the period that resulted in the loss of control over a subsidiary

☐Yes ☑No

Has control over a subsidiary been lost during the current period as a result of the disposal of the investment in stages through multiple transactions?

☐Yes ☑No

5. Changes in the scope of consolidation due to other reasons

Please describe changes in the scope of consolidation arising from other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the relevant circumstances:

Additions to the scope of consolidation

Company name	Method of acquisition of equity	Date of acquisition of equity	Capital contribution	Contribution proportion
Guangzhou Suiwan	Newly established	August 2025	No capital has been contributed yet	100%
Shenzhen Hangchuang	Newly established	March 2025	No capital has been contributed yet	100%
Jiaxing Hangchuang	Newly established	December 2025	No capital has been contributed yet	100%

6. Others

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(A) Composition of the enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Lianqi Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	System integration	100.00%	0.00%	Business merger of entities not under common control
Chuangye Software Nanjing Co., Ltd.	30,000,000.00	Nanjing	Nanjing	Software development	100.00%	0.00%	Establishment
Xinjiang Chuangshi Information Technology Co., Ltd.	5,000,000.00	Xinjiang Kashi	Xinjiang Kashi	Software development	85.00%	0.00%	Establishment
Shanghai Chuanghang Software Co., Ltd.	36,000,000.00	Shanghai	Shanghai	Software development	100.00%	0.00%	Establishment
Suzhou Chuangye Yikang Information Technology Co., Ltd.	6,000,000.00	Suzhou	Suzhou	Software development	100.00%	0.00%	Establishment
Chongqing Chuangyikang Software Co., Ltd.	16,000,000.00	Chongqing	Chongqing	Software development	100.00%	0.00%	Establishment
Tianjin Chuangjin Technology Co., Ltd.	10,000,000.00	Tianjin	Tianjin	Software development	100.00%	0.00%	Establishment
Hangzhou Weiqin Technology Co., Ltd.	2,040,900.00	Hangzhou	Hangzhou	Software development	51.00%	0.00%	Business merger of entities not under common control
Guangdong Zhongtuo Information Technology Co., Ltd.	15,000,000.00	Zhongshan	Zhongshan	Software development	100.00%	0.00%	Business merger of entities not under common control
Zhongshan Hangchuang Technology Co., Ltd.	20,000,000.00	Zhongshan	Zhongshan	Software development	100.00%	0.00%	Establishment
Hangzhou Huikang IoT Technology Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Technical services	100.00%	0.00%	Business merger of entities not under common control
Hangzhou Zhuoteng Information Technology Co., Ltd.	9,000,000.00	Hangzhou	Hangzhou	Software development	100.00%	0.00%	Business merger of entities not under common control

Name of subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Hangzhou Hemei Property Management Co., Ltd.	1,000,000.00	Hangzhou	Hangzhou	Property management	100.00%	0.00%	Establishment
Hangzhou Minotech Technology Co., Ltd.	11,363,600.00	Hangzhou	Hangzhou	Software development	100.00%	0.00%	Business merger of entities not under common control
Zhejiang Yikang Data Technology Research Institute Co., Ltd.	10,000,000.00	Hangzhou	Hangzhou	Software development	100.00%	0.00%	Establishment
Guangzhou Yuewan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Software development	100.00%	0.00%	Establishment
Zigong Hangchuang Technology Co., Ltd.	10,000,000.00	Zigong	Zigong	Software development	100.00%	0.00%	Establishment
Hangzhou Huikang Hulian Technology Co., Ltd.	14,365,000.00	Hangzhou	Hangzhou	Software development	100.00%	0.00%	Establishment
Beijing Tongkang Medical Information Technology Co., Ltd.	4,000,000.00	Beijing	Beijing	Technology development	100.00%	0.00%	Business merger of entities not under common control
Tianjin Qingchuang Huikang Technology Co., Ltd.	1,000,000.00	Tianjin	Tianjin	Technical services	100.00%	0.00%	Establishment
Lanzhou Yuanteng Software Technology Co., Ltd.	3,530,000.00	Lanzhou	Lanzhou	Software development	51.00%	0.00%	Business merger of entities not under common control
Wenzhou Urban Smart Health Co., Ltd.	6,000,000.00	Wenzhou	Wenzhou	Technical services	100.00%	0.00%	Business merger of entities not under common control
Tianjin Zhanhua Technology Development Co., Ltd.	5,950,000.00	Tianjin	Tianjin	Software development	100.00%	0.00%	Business merger of entities not under common control
Zhejiang Yishan Smart Healthcare Research Co., Ltd.	25,000,000.00	Hangzhou	Hangzhou	Software development	48.00%	48.33%	Business merger of entities not under common control
Guangzhou Yunwan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Technical services	100.00%	0.00%	Establishment
Yibin Kanghang Information Technology Co., Ltd.	10,000,000.00	Yibin	Yibin	Technical services	100.00%	0.00%	Establishment
Shenzhen Hangchuang Huikang Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Technical services	100.00%	0.00%	Establishment
Guangzhou Suiwan Huikang Technology Co., Ltd.	10,000,000.00	Guangzhou	Guangzhou	Technical services	100.00%	0.00%	Establishment
Jiaxing Hangchuang Technology Co., Ltd.	5,000,000.00	Jiaxing	Jiaxing	Technical services	100.00%	0.00%	Establishment

Description of the discrepancy between the shareholding ratio and the voting rights ratio in subsidiaries:

Basis for controlling an investee when holding 50% or less of the voting rights, and for not controlling an investee when holding more than 50% of the voting rights:

Basis for control of significant structured entities included in the scope of consolidation:

Basis for determining whether the Company is an agent or a principal:

Other information:

(B) Significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Minority shareholding ratio	Profit or loss attributable to minority shareholders in the period	Dividends declared to minority shareholders in the period	Closing balance of minority interest

Description of the discrepancy between the shareholding ratio and the voting rights ratio of minority shareholders in subsidiaries:

Other information:

(C) Key financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Unit: RMB

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities

Other information:

(D) Significant restrictions on the utilization of enterprise group assets and the settlement of enterprise group liabilities

(E) Financial or other support provided to structured entities included in the scope of the consolidated financial statements

Other information:

2. Transactions in which there is a change in the share of equity in a subsidiary but control over the subsidiary is retained

(A) Description of circumstances where there is a change in the share of equity in a subsidiary

Name of subsidiary	Date of change	Shareholding percentage prior to the change	Shareholding percentage after the change
Zhejiang Yishan	September and October 2025	72.17%	96.33%

(B) Impact of the transaction on minority interests and owners' equity attributable to the parent company

Unit: RMB

Cost of acquisition/consideration of disposal	
– Cash	
– Fair value of non-cash assets	
Total cost of acquisition/consideration of disposal	
Less: Share of the subsidiary's net assets calculated based on the proportion of equity acquired/disposed of	2,335,021.72
Difference	-2,335,021.72
Of which: Adjustment to capital reserve	2,335,021.72
Adjustment to surplus reserve	
Adjustment to undistributed profit	

Other information:

3. Interests in joint ventures or associates

(A) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	

Description of instances where the shareholding percentage in a joint venture or associate differs from the proportion of voting rights:

Basis for holding less than 20% of the voting rights but exercising significant influence, or holding 20% or more of the voting rights but not exercising significant influence:

(B) Key financial information of significant joint ventures

Unit: RMB

	Closing balance/ amount incurred in the current period	**Opening balance/ amount incurred in the previous period**
Current assets		
Of which: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
– Goodwill		
– Unrealized profits on intragroup transactions		
– Others		
Carrying amount of equity investments in joint ventures		
Fair value of equity investments in joint ventures for which a quoted market price is available		
Operating revenue		
Finance costs		
Income tax expenses		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures during the year		

Other information:

(C) Key financial information of significant associates

Unit: RMB

	Closing balance/ amount incurred in the current period	**Opening balance/ amount incurred in the previous period**
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated based on shareholding percentage		
Adjustments		
– Goodwill		
– Unrealized profits on intragroup transactions		
– Others		
Carrying amount of equity investment in associates		
Fair value of equity investments in associates for which a quoted market price is available		
Operating revenue		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates during the year		

Other information:

(D) Summary financial information of immaterial joint ventures and associates

Unit: RMB

	Closing balance/ amount incurred in the current period	Opening balance/ amount incurred in the previous period
Joint ventures:		
The following are total amounts calculated according to the shareholding percentage		
Associates:		
Total carrying amount of investment	152,691,328.66	158,365,587.85
The following are total amounts calculated according to the shareholding percentage		
– Net profit	2,645,806.51	625,976.21
– Other comprehensive income	3,023,334.88	6,718,404.59
– Total comprehensive income	5,669,141.39	7,344,380.80

Other information:

During the current period, as the Company purchased software products from its associate, Zhejiang Chuanglian Wangjie Technology Co., Ltd., and some of these products have not yet been sold to external independent third parties, an adjustment was made to the unrealized profit at the consolidated financial statement level to account for this reverse transaction. Consequently, the income from the long-term equity investment in Zhejiang Chuanglian Wangjie Technology Co., Ltd. accounted for using the equity method was reduced by RMB371,391.09 (with a corresponding reduction in inventories).

(E) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

(F) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint venture or associate	Cumulative unrecognized losses from prior periods	Unrecognized losses in the current period (or share of net profit in the current period)	Cumulative unrecognized losses at the end of the period
Hongrun Fengyun (Shanghai) Medical Management Co., Ltd.	2,597,025.83	1,447,992.84	4,045,018.67

Other information:

(G) Unrecognized commitments relating to investments in joint ventures

(H) Contingent liabilities relating to investments in joint ventures or associates

4. Significant joint operations

Name of joint operation	Principal place of business	Place of incorporation	Nature of business	Shareholding ratio/share entitlement	
				Direct	Indirect

Description of any discrepancy between the shareholding ratio or share entitlement in a joint venture and the voting rights ratio:

When separate entities are engaged in joint operation, the basis for classifying it as joint operation:

Other information:

5. Interests in structured entities not included in the scope of the consolidated financial statements

Description regarding structured entities not included in the scope of the consolidated financial statements:

6. Others

XI. GOVERNMENT GRANTS

1. Government grants recognized by the amount of receivables at the end of the reporting period

☐Applicable ☑Not applicable

Reasons for failing to receive the expected amount of government grants by the anticipated date

☐Applicable ☑Not applicable

2. Liability items relating to government grants

☑Applicable ☐Not applicable

Unit: RMB

Accounting item	Opening balance	Amount of new grants in the period	Amount included in non-operating revenue in the period	Amount transferred to other income in the period	Other movements in the period	Closing balance	Relating to assets/income
Deferred income	4,772,169.12			105,116.36		4,667,052.76	Related to assets
Deferred income	852,000.00	1,110,000.00		1,590,459.18		371,540.82	Related to income
Subtotal	5,624,169.12	1,110,000.00		1,695,575.54		5,038,593.58	

3. Government grants recognized in profit or loss in the current period

☑Applicable ☐Not applicable

Unit: RMB

Accounting item	Amount incurred in the current period	Amount incurred in the previous period
Amount of government grants included in other income	41,119,839.39	21,676,796.67

Other information

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Various risks arising from financial instruments

The Company's objective in risk management is to strike a balance between risk and return, minimise the adverse impact of risk on the Company's operating performance, and maximise the interests of shareholders and other equity investors. Based on this risk management objective, the Company's fundamental risk management strategy is to identify and analyse the various risks faced by the Company, establish appropriate risk tolerance thresholds and implement risk management measures, and monitor various risks in a timely and reliable manner to keep them within defined limits.

In the course of its day-to-day activities, the Company faces various risks associated with financial instruments, primarily including credit risk, liquidity risk and market risk. Management has reviewed and approved policies for managing these risks, which are summarised below.

(A) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to meet its obligations, resulting in a financial loss to the other party.

a. Credit risk management practice

(i) Methods for assessing credit risk

At each balance sheet date, the Company assesses whether the credit risk associated with a financial instrument has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company considers information that is reasonable and supportable and available without undue additional cost or effort, including qualitative and quantitative analyses based on historical data, external credit ratings and forward-looking information. The Company assesses changes in the risk of default over the expected life of a financial instrument on an individual basis or for a portfolio of financial instruments with similar credit risk characteristics, by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition.

The Company considers that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative or qualitative criteria are met:

i.i) Quantitative criteria primarily involve the probability of default over the remaining life as at the balance sheet date increasing by more than a specified percentage compared to the date of initial recognition;

i.ii) Qualitative criteria primarily include significant adverse changes in the debtor's operating or financial circumstances, or existing or anticipated changes in the technological, market, economic or legal environment that are likely to have a material adverse effect on the debtor's ability to repay the Company.

(ii) Definition of default and assets with credit impairment

The Company classifies a financial asset as being in default when it meets one or more of the following criteria; these criteria are consistent with the definition of credit impairment:

ii.i) the debtor is experiencing significant financial difficulties;

ii.ii) The debtor has breached the contractual provisions binding upon the debtor;

ii.iii) The debtor is highly likely to enter bankruptcy or undergo other financial restructuring;

ii.iv) the creditor grants the debtor concessions that would not otherwise be granted, based on economic or contractual considerations related to the debtor's financial difficulties.

b. Measurement of expected credit losses

Key parameters for the measurement of expected credit losses include probability of default, loss given default and exposure at default. The Company establishes a quantitative analysis and forward-looking information based on historical statistical data (such as counterparty ratings, types of guarantees and collateral, and repayment methods), to establish models for probability of default, loss given default and exposure at default.

c. Reconciliation of the opening and closing balances of the provision for losses on financial instruments is detailed in Section VIII, notes 4, 5, 6 and 8 to "VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS".

d. Credit risk exposure and concentration

The Company's credit risk primarily arises from cash and cash equivalents and receivables. To manage the aforementioned risks, the Company has implemented the following measures.

(i) Cash at bank and on hand

The Company holds bank deposits and other cash at bank and on hand with financial institutions that have high credit ratings; therefore, the credit risk is low.

(ii) Receivables and contract assets

The Company continuously conducts credit assessments on customers with whom it conducts credit-based transactions. Based on the results of these credit assessments, the Company selects recognized customers with good credit standing for transactions and monitors their outstanding receivables to ensure that the Company does not face significant bad debt risk.

As the Company's accounts receivable risk is spread across multiple partners and customers, as at 31 December 2025, 8.14% (31 December 2024: 8.83%) of the Company's accounts receivable and contract assets were attributable to the top five customers by balance; the Company is not exposed to significant credit concentration risk.

The Company's maximum credit risk exposure is the carrying amount of each financial asset on the balance sheet.

(B) Liquidity risk

Liquidity risk refers to the risk that the Company will experience a shortfall in funds when fulfilling obligations settled by the delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value in a timely manner; or from the counterparty's inability to repay its contractual obligations; or from debts maturing earlier than expected; or from the inability to generate expected cash flows.

To manage this risk, the Company employs a comprehensive range of financing methods, including bill settlement and bank borrowings, and adopts a strategy of optimising the financing structure by appropriately combining long-term and short-term financing methods to maintain a balance between financing continuity and flexibility. The Company has secured banking credit facilities from multiple commercial banks to meet working capital requirements and capital expenditure.

Classification of financial liabilities by remaining maturity

Item	Amount at the end of the period				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank borrowings	59,679,210.67	60,000,000.00	60,000,000.00		
Financial liabilities held for trading	2,550,000.00	2,550,000.00	2,550,000.00		
Notes payable	6,452,450.70	6,452,450.70	6,452,450.70		
Accounts payable	694,470,679.84	694,470,679.84	694,470,679.84		
Other payables	19,358,317.75	19,358,317.75	19,358,317.75		
Other current liabilities	10,806,490.00	10,806,490.00	10,806,490.00		
Lease liabilities	2,645,259.57	2,705,652.75	2,176,220.52	529,432.23	
Subtotal	795,962,408.53	796,343,591.04	795,814,158.81	529,432.23	

(Continued from the table above)

Item	Amount at the end of the previous year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1–3 years	Over 3 years
Bank borrowings	49,839,086.81	50,050,000.00	50,050,000.00		
Financial liabilities held for trading	5,100,000.00	5,100,000.00	5,100,000.00		
Notes payable	38,725,454.64	38,725,454.64	38,725,454.64		
Accounts payable	676,585,555.82	676,585,555.82	676,585,555.82		
Other payables	25,401,879.37	25,401,879.37	25,401,879.37		
Other current liabilities	1,590,000.00	1,590,000.00	1,590,000.00		
Lease liabilities	11,588,454.28	12,742,432.78	5,262,209.73	3,614,028.75	3,866,194.30
Subtotal	808,830,430.92	810,195,322.61	802,715,099.56	3,614,028.75	3,866,194.30

(C) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk primarily comprises interest rate risk and foreign exchange risk.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risk, whilst floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate and floating-rate financial instruments based on market conditions and maintains an appropriate portfolio of financial instruments through regular review and monitoring.

b. Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in foreign exchange rates. The Company operates in mainland China, and its principal activities are denominated in Renminbi. Consequently, the market risk arising from foreign exchange fluctuations borne by the Company is not material.

There were no monetary assets or liabilities denominated in foreign currencies at the end of the current period.

2. Hedging

(A) The Company engages in hedging activities for risk management

☐Applicable ☑Not applicable

(B) The Company engages in qualifying hedging activities and applies hedge accounting

Unit: RMB

Item	Carrying amount relating to the hedged item and the hedging instrument	Cumulative fair value hedge adjustments included in the recognized carrying amount of the hedged item	Effectiveness of hedge and source of ineffective portions of hedge	The impact of hedge accounting on the Company's financial statements
Types of hedged risks				
Categories of hedges				

Other notes

(C) The company engages in hedging activities for risk management purposes and expects to achieve its risk management objectives, but does not apply hedge accounting

☐Applicable ☑Not applicable

3. Financial Assets

(A) Classification by method of transfer

☑Applicable ☐Not applicable

Unit: RMB

Method of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Circumstances of derecognition	Basis for determining the circumstances of derecognition
Factoring of accounts receivable	Accounts receivable	10,806,490.00	Not derecognized	The receivables were transferred with recourse, retaining virtually all risks and rewards
Endorsement of bills	Financing receivables	822,250.00	Derecognized	Has transferred substantially all of its risks and rewards
Total		11,628,740.00		

(B) Financial assets derecognized due to transfer

☑Applicable ☐Not applicable

Unit: RMB

Item	Method of transfer of financial assets	Amount of financial assets derecognized	Gain or loss arising from derecognition
Financing receivables	Endorsement	822,250.00	
Total		822,250.00	

(C) Asset transfer of financial assets under continuing involvement

☑Applicable ☐Not applicable

Unit: RMB

Item	Method of asset transfer	Amount of assets arising from continuing involvement	Amount of liabilities arising from continuing involvement
Accounts receivable	Factoring of accounts receivable	10,806,490.00	10,806,490.00
Total		10,806,490.00	10,806,490.00

Other notes

XIII. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Fair value measurement on an ongoing basis	–	–	–	–
(i) Financial assets held for trading		1,666,309.40	50,299,299.66	51,965,609.06
1. Financial assets measured at fair value through profit or loss		1,666,309.40	50,299,299.66	51,965,609.06
(2) Investments in equity instruments			50,299,299.66	50,299,299.66
(4) Short-term wealth management products		1,666,309.40		1,666,309.40
(iii) Other investments in equity instruments			2,309,278.21	2,309,278.21
Financing receivables			1,177,750.00	1,177,750.00
Total assets measured at fair value continuously		1,666,309.40	53,786,327.87	55,452,637.27
(vi) Financial liabilities held for trading			2,550,000.00	2,550,000.00
Contingent consideration for the acquisition of equity in subsidiaries			2,550,000.00	2,550,000.00
Total liabilities measured at fair value continuously			2,550,000.00	2,550,000.00
II. Non-continuous fair value measurement	–	–	–	–

2. Basis for determining market prices of Level 1 fair value measurement items (both ongoing and non-ongoing)

3. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 2 fair value measurement items, whether ongoing or non-ongoing

The fair value of bank short-term wealth management products held by the Company is determined based on the net unit value provided by the bank at the end of the period.

4. Qualitative and quantitative information regarding the valuation techniques and key parameters used for Level 3 fair value measurement items, whether ongoing or non-ongoing

Item	Fair value at the end of the period	Valuation technique
Investment in equity instruments	37,127,465.44	Valuation amount is used as the fair value
Investment in equity instruments	13,171,834.22	As the difference between the investee's fair value and carrying amount is insignificant, the investee's carrying amount is used as its fair value
Financing receivables	1,177,750.00	As the difference between fair value and carrying amount is insignificant, the carrying amount is used as the fair value
Other investments in equity instruments	2,309,278.21	As the difference between the investee's fair value and carrying amount is insignificant, the investee's carrying amount is used as its fair value
Contingent consideration for the acquisition of shares in a subsidiary	2,550,000.00	As the difference between fair value and carrying amount is immaterial, the carrying amount is used as the fair value

5. Items measured at Level 3 fair value on an ongoing basis, reconciliation between the carrying amounts at the beginning and end of the period, and sensitivity to unobservable parameters analysis

6. Items measured at fair value on an ongoing basis, where transfer between levels of the fair value hierarchy occurred during the current period, the reasons for such transfer and the policy for determining the timing of transfer

7. Changes in valuation techniques during the current period and the reasons for such changes

8. Fair value of financial assets and financial liabilities not measured at fair value

The Company's financial assets and financial liabilities not measured at fair value primarily include: cash and cash equivalents, notes receivable, trade receivables, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, non-current liabilities due within one year, and lease liabilities, among others; the differences between their carrying amounts and fair values are immaterial.

9. Others

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the Company's parent company

Name of parent company	Place of incorporation	Nature of business	Registered capital	Shareholding percentage of parent company in the Company	Proportion of voting rights of parent company in the Company

Description of the Company's parent company:

This Company has no parent company.

The ultimate controller of the Company is:

Other information:

The Company has no actual controller.

2. Description of the Company's subsidiaries

For details regarding the Company's subsidiaries, please refer to the notes in "X. INTERESTS IN OTHER ENTITIES", subsection 1.

3. Information on the Company's joint ventures and associates

For details regarding the Company's significant joint ventures and associates, please refer to the notes in "X. INTERESTS IN OTHER ENTITIES", subsection 3.

Details of other joint ventures or associates that have entered into related-party transactions with the Company during the current period, or that have outstanding balances arising from related-party transactions with the Company in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company
Hangzhou Meiqing Digital Technology Co., Ltd.	Associate
Chengdu Miso Information Technology Co., Ltd.	Associate
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Associate

Other information:

4. Details of other related parties

Names of other related parties	Relationship between other related parties and the Company
Ge Hang	Shareholder holding more than 5% of the Company's shares
Philips (China) Investment Co., Ltd.	Shareholder holding more than 5% of the Company's shares
Hangzhou Gehong Tea Culture Development Co., Ltd.	A company controlled by Ge Hang
Yikang (Hangzhou) Health Technology Co., Ltd.	A company controlled by Ge Hang
Hangzhou Qijing Technology Co., Ltd.	A subsidiary of the associate Zhejiang Chuanglian Wangjie Technology Co., Ltd.
Zhang Lüzheng	Chairman of the Company
Chen Zhongyang, Hu Yan, Ge Boxiu, Zheng Qi, Yu Xiaoyi, Ye Jian	Key management personnel of the Company
Xu Dong, Wang Hao	Company employees and close relatives of key management personnel

Other information:

5. Related party transactions

(A) Related-party transactions involving the purchase and sale of goods, and rendering and receipt of services

Table showing the purchase of goods/receipt of services

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Approved transaction limit	Does it exceed the transaction limit	Amount incurred in the previous period
Hangzhou Qijing Technology Co., Ltd.	Software products	3,486,725.68		No	
Zhejiang Chuanglian Wangjie Technology Co., Ltd.	Software products	2,719,026.55		No	7,151,121.56
Philips (China) Investment Co., Ltd.	Software products	1,585,262.85		No	5,041,307.09
Chengdu Miso Information Technology Co., Ltd.	Software products			No	155,752.23

Table showing the selling of goods/rendering of services

Unit: RMB

Related party	Details of related party transactions	Amount in the current period	Amount incurred in the previous period
Hangzhou Qijing Technology Co., Ltd.	Software services	75,471.70	

Description of related-party transactions involving the purchase and sale of goods and rendering and receipt of services

(1) Description of related-party entrusted management/contract-in and outsourced management/ contract out

Table showing the Company's entrusted management/contract-in arrangements:

Unit: RMB

Name of principal/contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-in assets	Start date of the custody/contract-in	End date of the custody/contract-in	Basis for determining custodian income/ contract-in income	Custodian income/ contract-in income recognized in the current period

Description of related-party custody/contract-in arrangements:

Table of the Company's entrusted management/contract-out arrangements:

Unit: RMB

Name of principal/contract-out party	Name of trustee/ contract-in party	Type of custodian/ contract-out assets	Start date of the custody/contract-out	End date of the custody/contract-out	Basis for determining custodian fee/ contract-out fee	Custodian fee/ contract-out fee recognized in the current period

Description of related-party management/contract-out arrangements

(C) Description of related-party leases

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the previous period
Hangzhou Meiqing Digital Technology Co., Ltd.	Buildings and structures		286,412.58

The Company as lessee:

Unit: RMB

Lessor name	Type of leased asset	Rental fee of simplified treatment of short-term leases and low-value assets (if applicable)		Variable lease payment not included in measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period

Description of related-party leasing

(D) Related-party guarantees

The Company as guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

Our company as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Has the guarantee been completely fulfilled?

Description of related-party guarantees

(E) Funds borrowed or lent involving related parties

Unit: RMB

Related party	Amount of funds borrowed or lent	Commencement date	Maturity date	Description
Borrowed				
Lent				

(F) Transfer of assets and debt restructuring involving related parties

Unit: RMB

Related party	Details of related party transactions	Amount incurred in the current period	Amount incurred in the previous period

(G) Remuneration of key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	6,043,792.15	6,284,032.10

(H) Other related party transactions

6. Receivables and payables from related parties

(A) Receivables

Unit: RMB

Name of item	Related party	Closing balance		Opening balance	
		Book balance	Bad debts allowance	Book balance	Bad debts allowance
Accounts receivable	Hangzhou Qijing Technology Co., Ltd.	32,000.00	1,600.00		
Accounts receivable	Yikang (Hangzhou) Health Technology Co., Ltd.			100,000.00	20,000.00
Accounts receivable	Hangzhou Gehong Tea Culture Development Co., Ltd.			9,000.00	1,800.00
Subtotal		32,000.00	1,600.00	109,000.00	21,800.00

(B) Payables

Unit: RMB

Name of item	Related party	Book balance at the end of period	Book balance at the beginning of period
Accounts payable	Philips (China) Investment Co., Ltd.	1,704,549.59	1,450,209.30
Accounts payable	Zhejiang Chuanglian Wangjie Technology Co., Ltd.	10,334,522.14	7,552,123.91
Accounts payable	Hangzhou Qijing Technology Co., Ltd.	3,600,000.00	
Accounts payable	Hangzhou Meiqing Digital Technology Co., Ltd.	952,372.00	952,372.00
Accounts payable	Chengdu Miso Information Technology Co., Ltd.	203,128.92	256,226.27
Subtotal		16,794,572.65	10,210,931.48
Other payables	Chen Zhongyang, Hu Yan, Ge Boxiu, Zheng Qi, Yu Xiaoyi, Ye Jian, Xu Dong, Wang Hao	181,822.60	
Other payables	Zhang Lüzheng		54,400.00
Sub-total		181,822.60	54,400.00

7. Commitments by related parties

8. Others

XV. SHARE-BASED PAYMENT

1. Overview of share-based payment

☑Applicable ☐Not applicable

Unit: RMB

Category of grantees	Granted in the current period		Exercised in the current period		Unlocked in the current period		Lapsed in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Production staff	313,214	817,487.00					1,275,000	5,374,050.00
Sales staff	1,461,661	3,814,935.00					2,931,000	12,110,550.00
Management staff	2,192,495	5,722,409.00					4,539,000	18,977,550.00
Technical staff	730,830	1,907,471.00					3,225,000	13,163,550.00
Total	4,698,200	12,262,302.00					11,970,000	49,625,700.00

Stock options or other equity instruments outstanding at the end of the period

☐Applicable ☑Not applicable

Other information:

(1) Restricted shares

Pursuant to the "Proposal on the B-Soft Co., Ltd. 2022 Restricted Stock Incentive Plan (Draft) and its Summary" approved at the Company's 3rd Extraordinary General Meeting, and the "Proposal on the Initial Grant of Restricted Shares to Participants of the 2022 Restricted Stock Incentive Plan" approved by the 24th meeting of the 7th Board of Directors, it was resolved to set 30 December 2022 as the initial grant date and to grant 34,800,000 Class II restricted shares to 97 incentive recipients at a grant price of RMB4.08 per share. Pursuant to the "Proposal on the Grant of Reserved Restricted Shares to Incentive Recipients" approved by the 28th meeting of the 7th Board of Directors and the 22nd meeting of the 7th Supervisory Board, it was resolved that 5 June 2023 would be the reserved grant date, and that 7,200,000 Class II restricted shares would be granted to 19 eligible incentive recipients at a grant price of RMB4.45 per share. The restricted shares shall be sourced from the Company's private placement of RMB ordinary A-shares to the incentive recipients. The restricted shares granted under this incentive scheme will vest in instalments at the agreed proportions once the incentive recipients meet the relevant vesting conditions.

As the Company's 2025 performance failed to meet the performance targets for the third vesting period, no share-based payment expense needs to be recognized for the first grant of restricted shares and the third vesting period of the reserved grant, and share-based payment expenses of RMB23,646,742.50 were reversed; the relevant restricted shares granted have all lapsed.

(2) Employee Share Ownership Scheme

Pursuant to the "Proposal on the 'B-Soft Co., Ltd. 2025 Employee Share Ownership Plan (Draft) and its Summary" and the "Proposal on the Management Measures for the 2025 Employee Share Ownership Plan of B-Soft Co., Ltd. " approved by the 18th meeting of the 8th Board of Directors and the 1st Extraordinary General Meeting in 2025, the Company granted 4,698,200 ordinary shares to 28 incentive recipients at a grant price of RMB2.61 per share. The term of this Employee Share Ownership Plan is 36 months, with a lock-up period of 12 months, commencing from the date the Company announced the transfer of the final batch of underlying shares to the name of this Employee Share Ownership Plan. The shares for the Employee Share Ownership Plan were sourced from Company shares repurchased by the Company using its own funds via centralised competitive bidding. The ordinary shares granted under this incentive plan will be unlocked in a single instalment upon expiry of the lock-up period. In October 2025, the Company actually received a total of RMB12,262,302.00 in cash contributions from employees towards the Employee Share Ownership Scheme. The corresponding treasury shares were written off in the amount of RMB31,000,786.19, and the difference of RMB18,738,484.19 against capital reserve (share premium).

As the incentive recipients are expected to meet their individual performance targets during the lock-up period, a corresponding share-based payment expense of RMB1,605,218.41 was recognized in the current period.

2. Equity-settled share-based payment

☑Applicable ☐Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	For restricted shares granted, the time value of the option is calculated by using the closing price of the shares on the grant date to determine the fair value of the restricted shares; the employee share ownership scheme is determined basing on the closing price of shares on the grant date
Basis for determining the number of exercisable equity instruments	For restricted shares, the number is determined based on the allocated restricted share quota, taking into account changes in the number of eligible employees at each balance sheet date, the Company's performance assessment indicators for each vesting year, and the individual performance assessment of the incentive recipients; for the employee share ownership scheme, the number is determined based on the allocated share quota, taking into account changes in the number of eligible employees at each balance sheet date and the results of the individual performance

Reasons for significant differences between the current period's estimates and those of the previous period	For restricted shares, the performance targets for the vesting period were not met
Cumulative amount of equity-settled share-based payment recognized in capital reserve	137,325,989.49
Total expenses recognized for equity-settled share-based payment in the current period	-22,041,524.09

Other information:

3. Cash-settled share-based payment

☐Applicable ☑Not applicable

4. Share-based payment expense in the current period

☑Applicable ☐Not applicable

Unit: RMB

Category of grantees	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Production staff	-2,333,466.46	
Sales staff	-5,327,136.89	
Management staff	-8,599,665.54	
Technical staff	-5,781,255.20	
Total	-22,041,524.09	

Other information:

5. Amendments and terminations of share-based payment

6. Others

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Material commitments existing at the balance sheet date

(1) External investment contracts that have been signed but not yet performed or not yet fully performed, and related financial outlays

As at 31 December 2025, the Company had outstanding capital contribution obligations to its established and invested subsidiaries totalling RMB85.26 million, of which: Better Smart Investment (Jiangsu) Enterprise Management Co., Ltd. RMB20 million, Silk Road Shukang Technology (Gansu) Co., Ltd. RMB1.5 million, Yikang Research Institute RMB8.06 million, Yuewan Huikang RMB9.7 million, Qingchuang Huikang RMB1 million, Guangzhou Yunwan RMB10 million, Guangzhou Suiwan RMB10 million, Shenzhen Hangchuang RMB10 million, Jiaxing Hangchuang RMB5 million and Yibin Kanghang RMB10 million.

(2) As at the balance sheet date, the Company had issued irrevocable letter of guarantee amounting to RMB30,588,602.13 that had not yet expired.

2. Contingencies

(A) Significant contingencies as at the balance sheet date

As at the balance sheet date, the Company had no material contingencies requiring disclosure.

(B) If the Company has no material contingencies requiring disclosure, this should also be stated

The Company has no material contingencies requiring disclosure.

3. Others

XVII. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting items

Unit: RMB

Item	Description	Impact on financial position and operating results	Reason for inability to estimate impact

2. Profit distribution

Dividend proposed for distribution per 10 shares (RMB)	0
Bonus shares proposed for distribution per 10 shares (number of shares)	0
Capital reserve capitalization proposed for distribution per 10 shares (number of shares)	0
Dividend approved and declared for distribution per 10 shares (RMB)	0
Bonus shares approved and declared for distribution per 10 shares (number of shares)	0
Capital reserve capitalization declared and approved for distribution per 10 shares (number of shares)	0
Profit distribution proposal	In accordance with the 2025 profit distribution proposal approved at the 2nd meeting of the Company's 9th Board of Directors on 14 April 2026, no cash dividends will be distributed for 2025, nor will any capital be increased through the conversion of capital reserve. The aforementioned profit distribution proposal is subject to the approval of the general meeting of shareholders.

3. Sales returns

4. Description of other events after the balance sheet date

On 12 November 2025, Ge Hang, the Company's largest shareholder and a shareholder holding more than 5% of the shares, entered into a Share Transfer Agreement with Hangzhou Better Smart Investment Management Consulting Partnership (Limited Partnership) (hereinafter referred to as Hangzhou Better Smart), under which Ge Hang agreed to transfer 96,525,096 shares of the Company (representing approximately 6.23% of the Company's total share capital) to Hangzhou Better Smart by way of a contractual transfer. On the same day, Hangzhou Better Smart and Ge Hang signed the "Voting Rights Entrustment and Concerted Action Agreement regarding B-Soft Co., Ltd. "; on 14 November 2025, Hangzhou Better Smart and Jinfuyuan (Hainan) Private Equity Fund Management Partnership (Limited Partnership) (hereinafter referred to as Jinfuyuan) signed the "Voting Rights Entrustment and Concerted Action Agreement regarding B-Soft Co., Ltd." According to the "Announcement on the Progress of the Planned Change in Control and the Completion of the Transfer Registration for Shares Transferred via Agreement" disclosed by the Company on 12 February 2026, Hangzhou Better Smart has completed the transfer registration for the corresponding shares. On 10 April 2026, the Company held its first extraordinary general meeting of 2026, at which it deliberated and approved relevant resolutions, including the election of a new board of directors, thereby completing the formation of the ninth board of directors. All four non-independent directors and two independent directors nominated by Hangzhou Better Smart were elected. Given that, following the completion of this Board renewal, the number of directors nominated and elected by Hangzhou Better Smart now accounts for more than half of members of the Company's Board, combined with its holding of 6.23% of the Company's shares, and in accordance with the provisions of the "Voting Rights Entrustment and Concerted Action Agreement Regarding B-Soft Co., Ltd. " signed separately with Ge Hang and Jinfuyuan, a concerted action relationship has been established between Hangzhou Better Smart, Ge Hang and Jinfuyuan, collectively holding all voting rights corresponding to 12.64% of the Company's shares. Taking into account the dispersed shareholdings of the Company's other major shareholders, Hangzhou Better Smart is now able to exert a significant influence on matters such as resolutions of the Company's shareholders' meetings and the composition of the Board of Directors. Consequently, there has been a change in the Company's controlling shareholder, with Hangzhou Better Smart becoming the Company's controlling shareholder.

As Hangzhou Better Smart's controlling shareholder, ETHK Labs Inc., has no controlling shareholder and no actual controller. Following this change in controlling shareholder, there is no single entity capable of ultimately exercising actual control over the Company's conduct through investment relationships, contractual arrangements or other means; the Company remains in a state without an actual controller.

XVIII. OTHER IMPORTANT MATTERS

1. Correction of accounting errors in previous period

(A) Retrospective restatement method

Unit: RMB

Details of correction of accounting errors	Treatment procedure	Name of affected items in the statements in each of the comparative periods	Cumulative effect

(B) Prospective application

Details of correction of accounting errors	Approval procedure	Reasons for adopting the prospective application method

2. Debt restructuring

3. Asset swap

(A) Exchange of non-monetary assets

(B) Other asset swaps

4. Pension schemes

5. Discontinuation of operations

Unit: RMB

Item	Revenue	Expenses	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the parent company

Other information:

6. Segment information

(A) Basis for determining reportable segments and accounting policies

The Company is principally engaged in software sales, system integration and technical services. As the Company is currently unable to accurately allocate operating assets and liabilities directly attributable to a specific segment, there are no reportable segments. Details of the Company's operating revenue and operating cost by product category are set out in note 61 in "VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS" in these financial statements.

(B) Financial information by reportable segment

Unit: RMB

Item	Inter-segment eliminations	Total

(C) Where the company has no reportable segment or is unable to disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

(D) Other information

7. Other significant transactions and matters affecting investors' decision-making

8. Others

XIX. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Trade receivables

(A) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	558,048,133.63	670,419,500.23
1-2 years	460,727,030.88	509,515,729.62
2-3 years	347,094,143.67	333,392,971.71
Over 3 years	626,856,032.06	496,744,233.14
3-4 years	256,894,748.47	298,008,543.49
4-5 years	203,754,238.67	93,769,676.95
Over 5 years	166,207,044.92	104,966,012.70
Total	1,992,725,340.24	2,010,072,434.70

(B) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Accounts receivable for which provisions for bad debts allowance is made on an individual basis	36,769,895.08	1.85%	36,769,895.08	100.00%		19,544,798.15	0.97%	19,544,798.15	100.00%	
Of which:										
Accounts receivable for which provisions for bad debts allowance is made on a portfolio basis	1,955,955,445.16	98.15%	654,637,587.28	33.47%	1,301,317,857.88	1,990,527,636.55	99.03%	547,572,996.78	27.51%	1,442,954,639.77
Of which										
Total	1,992,725,340.24	100.00%	691,407,482.36	34.70%	1,301,317,857.88	2,010,072,434.70	100.00%	567,117,794.93	28.21%	1,442,954,639.77

Provision for bad debts allowance on an individual basis: 36,769,895.08

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Bluedon Information Security Technology Co., Ltd.	12,155,786.00	12,155,786.00	12,155,786.00	12,155,786.00	100.00%	The company is experiencing operational difficulties, and it is unlikely that the amount will be recovered
Other miscellaneous customers	7,389,012.15	7,389,012.15	24,614,109.08	24,614,109.08	100.00%	These companies are facing operational difficulties, and it is unlikely that the amount will be recovered recovered
Total	19,544,798.15	19,544,798.15	36,769,895.08	36,769,895.08		

Provision for bad debts allowance by portfolio: 654,637,587.28

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Portfolio due from related parties within the scope of consolidation	12,781,660.49		
Ageing portfolio	1,943,173,784.67	654,637,587.28	33.69%
Total	1,955,955,445.16	654,637,587.28	

Description of the basis for determining this portfolio:

If provision for bad debts allowance on accounts receivable is calculated using the general model for expected credit losses:

☐Applicable ☑Not applicable

(C) Description of bad debts allowance being made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write off	Others	
Provision for bad debts allowance is made on an individual basis	19,544,798.15	26,467,277.43	10,000.00	9,252,180.50		36,769,895.08
Provision for bad debts allowance is made on a portfolio basis	547,572,996.78	107,064,590.50				654,637,587.28
Total	567,117,794.93	133,531,867.93	10,000.00	9,252,180.50		691,407,482.36

Of which, significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

(D) Description of accounts receivable actually written off during the current period

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	9,252,180.50

Of which, significant write-off of accounts receivables:

Unit: RMB

Name of entity	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of accounts receivable:

(E) Top five closing balance of accounts receivable and contract assets by debtor

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets	Closing balance of bad debts allowance on accounts receivable and impairment allowance for contract assets
1st place	48,515,172.35	2,525,584.30	51,040,756.65	2.48%	4,787,307.35
2nd place	41,872,000.00	0.00	41,872,000.00	2.04%	28,868,900.00
3rd place	31,808,991.00	208,120.00	32,017,111.00	1.56%	12,901,837.34
4th place	29,978,228.16	938,007.24	30,916,235.40	1.50%	2,823,739.98
5th place	24,304,452.92	18,000.00	24,322,452.92	1.18%	16,747,364.68
Total	176,478,844.43	3,689,711.54	180,168,555.97	8.76%	66,129,149.35

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	26,981,838.32	35,371,164.21
Total	26,981,838.32	35,371,164.21

(A) Interest receivable

i) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance

ii) Significant overdue interest

Unit: RMB

Borrowing entity	Closing balance	Overdue period	Reason for overdue	Whether impairment has occurred and the basis for the determination

Other information:

iii) Disclosure by bad debt provisioning method

☐Applicable ☑Not applicable

iv) Description of bad debts allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, description of significant amounts of bad debts allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio of bad debts allowance and its reasonableness

Other information:

v) Description of interest receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of significant write-off of interest receivable

Unit: RMB

Name of entity	Nature of amount	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(B) Dividends receivable

i) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance

ii) Significant dividends receivable aged over 1 year

Unit: RMB

Item (or investee)	Closing balance	Ageing	Reason for non-recovery	Whether impairment has occurred and the basis for the determination

iii) Disclosure by bad debt provisioning method

☐Applicable ☑Not applicable

iv) Description of bad debt allowance made, recovered or reversed during the current period

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Other movements	

Of which, significant amounts of bad debt allowance recovered or reversed during the current period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

Other information:

v) Description of dividends receivable actually written off during the current period

Unit: RMB

Item	Amount written off

Of which, description of write-off of significant dividends receivable

Unit: RMB

Name of entity	Nature of amount	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off:

Other information:

(C) Other receivables

i) Classification of other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of period	Book balance at the beginning of period
Deposits and security money	49,735,230.60	57,390,036.59
Contingency fund	2,785,123.08	3,299,631.80
Temporary advances	74,380,532.62	65,267,719.85
Others	1,072,369.60	2,788,496.44
Total	127,973,255.90	128,745,884.68

ii) Disclosure by ageing

Unit: RMB

Ageing	Book balance at the end of period	Book balance at the beginning of period
Within 1 year (inclusive)	30,446,977.65	41,952,904.57
1-2 years	24,139,145.63	37,253,684.86
2-3 years	34,239,770.74	15,626,740.92
Over 3 years	39,147,361.88	33,912,554.33
3-4 years	14,765,880.27	9,891,516.70
4-5 years	6,826,710.84	3,407,278.48
Over 5 years	17,554,770.77	20,613,759.15
Total	127,973,255.90	128,745,884.68

iii) Disclosure by bad debt provisioning method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts allowance		Carrying amount	Book balance		Bad debts allowance		Carrying amount
	Amount	*Ratio*	*Amount*	*Provisioning ratio*		*Amount*	*Ratio*	*Amount*	*Provisioning ratio*	
Provision for bad debts allowance is made on an individual basis	71,485,040.39	55.86%	71,485,040.39	100.00%	0.00	60,798,579.43	47.22%	60,798,579.43	100.00%	
Of which:										
Provision for bad debts allowance is made on a portfolio basis	56,488,215.51	44.14%	29,506,377.19	52.23%	26,981,838.32	67,947,305.25	52.78%	32,576,141.04	47.94%	35,371,164.21
Of which:										
Total	127,973,255.90	100.00%	100,991,417.58	78.92%	26,981,838.32	128,745,884.68	100.00%	93,374,720.47	72.53%	35,371,164.21

Provision for bad debts allowance on an individual basis:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debts allowance	Book balance	Bad debts allowance	Provisioning ratio	Reason for provision
Hangzhou Hemei Property Management Co., Ltd.	942,515.10	942,515.10	942,515.10	942,515.10	100.00%	Subsidiary has incurred excessive losses; it is unlikely that the amount will be recovered
Hangzhou Huikang Hulian Technology Co., Ltd.	42,029,627.75	42,029,627.75	49,814,028.41	49,814,028.41	100.00%	Subsidiary has incurred excessive losses; it is unlikely that the amount will be recovered
Xinjiang Chuangshi Information Technology Co., Ltd.	6,997,991.93	6,997,991.93	6,489,955.23	6,489,955.23	100.00%	The subsidiary has incurred excessive losses, it is unlikely that the amount will be recovered
Tianjin Chuangjin Technology Co., Ltd.	6,855,165.56	6,855,165.56	5,622,247.57	5,622,247.57	100.00%	Subsidiary has incurred excessive losses; it is unlikely that the amount will be recovered
Wenzhou Huikang Hulian Technology Co., Ltd.	3,973,279.09	3,973,279.09	5,124,210.09	5,124,210.09	100.00%	Subsidiary has incurred excessive losses; it is unlikely that the amount will be recovered
Beijing Tongkang Medical Information Technology Co., Ltd.			3,492,083.99	3,492,083.99	100.00%	Subsidiary has incurred excessive losses; it is unlikely that the amount will be recovered
Total	60,798,579.43	60,798,579.43	71,485,040.39	71,485,040.39		

Provision for bad debts allowance by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debts allowance	Provisioning ratio
Amount due from related parties within the scope of consolidation	2,895,492.23		
Ageing portfolio	53,592,723.28	29,506,377.19	55.06%
Of which: Within 1 year	8,254,778.75	412,738.94	5.00%
1–2 years	8,890,464.45	1,778,092.89	20.00%
2–3 years	8,667,966.58	2,600,389.97	30.00%
3–4 years	3,398,031.89	1,699,015.95	50.00%
4–5 years	6,826,710.84	5,461,368.67	80.00%
Over 5 years	17,554,770.77	17,554,770.77	100.00%
Total	56,488,215.51	29,506,377.19	

Description of the basis for determining this portfolio:

Provision for bad debts allowance using the general model for expected credit losses:

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire lifetime (credit not impaired)	Expected credit losses over the entire lifetime (credit impaired)	
Balance as at 1 January 2025	682,096.86	2,333,436.14	90,359,187.47	93,374,720.47
Balance as at 1 January 2025 in the period				
– Transfer to Stage 2	-444,523.22	444,523.22		
– Transfer to Stage 3		-1,733,593.32	1,733,593.32	
Provision for the period	175,165.30	733,726.85	9,639,354.96	10,548,247.11
Reversal for the period			13,000.00	13,000.00
Write-off for the period			2,944,550.00	2,944,550.00
Balance as at 31 December 2025	412,738.94	1,778,092.89	98,800,585.75	100,991,417.58

Basis for classification by stage and bad debt provisioning ratio

The provisioning ratio for bad debts for Stage 1 is 3.70%, for Stage 2 it is 20%, and for Stage 3 it is 91.54%.

Movement in book balance with significant changes in loss allowance during the current period

☐Applicable ☑Not applicable

iv) Description of bad debts allowance made, recovered or reversed during the current period

Description of bad debts allowance made during the current period:

Unit: RMB

Category	Opening balance	Movements during the period				Closing balance
		Provision	Recoveries or reversals	Write-off or cancellation	Others	
Provision for bad debts allowance is made on an individual basis	60,798,579.43	10,686,460.96				71,485,040.39
Provision for bad debts allowance is made on a portfolio basis	32,576,141.04	-138,213.85	13,000.00	2,944,550.00		29,506,377.19
Total	93,374,720.47	10,548,247.11	13,000.00	2,944,550.00		100,991,417.58

Of which, significant amounts of bad debt provisions reversed or recovered during the period:

Unit: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Method of recovery	Basis for determining the original provisioning ratio for bad debts allowance and its reasonableness

v) Description of other receivables actually written off during the current period

Unit: RMB

Item	Amount written off
Other receivables actually written off	2,944,550.00

Of which, description of significant write-off of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedure followed	Whether the amount arises from a related party transaction

Description of write-off of other receivables:

vi) Description of top five closing balance of other receivables by debtor

Unit: RMB

Name of entity	Nature of amount	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of bad debts allowance
Huikang Hulian	Temporary advances	49,814,028.41	Within 1 year: RMB7,784,400.66 1–2 years: RMB9,574,608.63 2–3 years: RMB21,087,170.74 3–4 years: RMB11,367,848.38	38.93%	49,814,028.41
Fujian Medical University Union Hospital	Deposits and security money	7,367,787.75	Over 5 years	5.76%	7,367,787.75
Xinjiang Chuangshi	Temporary advances	6,489,955.23	Within 1 year: RMB3,546,182.32 1–2 years: RMB2,943,772.91	5.07%	6,489,955.23
Tianjin Chuangjin	Temporary advances	5,622,247.57	Within 1 year	4.39%	5,622,247.57
Wenzhou Huikang	Temporary advances	5,124,210.09	Within 1 year: RMB1,150,931.00 1–2 years: RMB1,058,133.85 2–3 years: RMB2,915,145.24	4.00%	5,124,210.09
Total		74,418,229.05		58.15%	74,418,229.05

vii) Reported under other receivables due to centralized cash management

Unit: RMB

Other information:

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Investments in subsidiaries	1,729,711,197.35	380,112,861.50	1,349,598,335.85	1,729,711,197.35	275,854,705.58	1,453,856,491.77
Investments in associates and joint ventures	101,942,407.73		101,942,407.73	107,643,397.73		107,643,397.73
Total	1,831,653,605.08	380,112,861.50	1,451,540,743.58	1,837,354,595.08	275,854,705.58	1,561,499,889.50

(A) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period				Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction in investment	Provision for impairment allowance	Others		
Hangzhou Lianqi	**8,951,051.13**				**8,951,051.13**			**8,951,051.13**
Suzhou Yikang	**6,000,000.00**						**6,000,000.00**	
Chuangye Nanjing	**30,000,000.00**						**30,000,000.00**	
Shanghai Chuanghang	**36,000,000.00**						**36,000,000.00**	
Xinjiang Chuangshi		**4,250,000.00**						**4,250,000.00**
Beijing Tongkang	**0.00**	**3,416,975.90**						**3,416,975.90**
Chongqing Chuangyikang	**16,000,000.00**						**16,000,000.00**	
Tianjin Chuangjin	**0.00**	**10,000,000.00**						**10,000,000.00**
Hangzhou Weiqin	**1,418,922.28**	**1,121,977.72**					**1,418,922.28**	**1,121,977.72**
Zhongtuo Information	**105,059,702.07**	**4,640,297.93**					**105,059,702.07**	**4,640,297.93**
Zhongshan Hangchuang	**20,000,000.00**						**20,000,000.00**	
Huikang IoT	**1,043,028,894.65**	**214,971,105.35**			**91,217,762.04**		**951,811,132.61**	**306,188,867.39**
Zhuoteng Information	**29,329,104.80**						**29,329,104.80**	
Hemei Property	**0.00**	**1,000,000.00**						**1,000,000.00**
Minotech	**72,395,479.32**	**23,004,348.68**			**4,089,342.75**		**68,306,136.57**	**27,093,691.43**
Yikang Research Institute	**1,940,000.00**						**1,940,000.00**	
Yuewan Huikang	**300,000.00**						**300,000.00**	
Zigong Hangchuang	**10,000,000.00**						**10,000,000.00**	
Huikang Hulian	**0.00**	**13,450,000.00**						**13,450,000.00**
Wenzhou Health	**5,228,102.67**						**5,228,102.67**	
Qingchuang Huikang								
Lanzhou Yuanteng	**51,000,000.00**						**51,000,000.00**	
Tianjin Zhanhua	**5,950,000.00**						**5,950,000.00**	
Guangzhou Yunwan								
Zhejiang Yishan	**11,255,234.85**						**11,255,234.85**	
Yibin Kanghang								
Shenzhen Hangchuang								
Guangzhou Suiwan								
Jiaxing Hangchuang								
Total	**1,453,856,491.77**	**275,854,705.58**			**104,258,155.92**		**1,349,598,335.85**	**380,112,861.50**

(B) Investments in joint ventures and associates

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment allowance	Changes (increase/decrease) during the period								Closing balance (Carrying amount)	Closing balance of impairment allowance
			Additional investments	Reduction in investment	Investment profit and loss recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of distribution of cash dividend or profit	Provision for impairment allowance	Others		
I. Joint ventures												
II. Associates												
Zhejiang Healthcare Industry Equity Investment Fund (Limited Partnership)	8,346,674.35			2,035,616.21	23,753.77	3,023,334.88		1,847,960.41			7,510,186.38	
Hangzhou Anfeng Chuangjian Venture Capital Partnership (Limited Partnership)	27,950,687.38			3,386,389.98	1,107,080.79						25,671,378.19	
Chengdu Miso Information Technology Co., Ltd.	617,494.82				-38,548.86						578,945.96	
Odin Health Limited	14,148,687.84				787,094.94						14,935,782.78	
Hongrun Fengyun												
Shaoxing Shangyu Anfeng Kangyuan Venture Capital Partnership (Limited Partnership)	28,969,790.05			4,073,433.98	418,668.03						25,315,024.10	
Hangzhou Meiqing Digital Technology Co., Ltd.	27,610,063.29				321,027.03						27,931,090.32	
Better Smart Investment (Jiangsu) Enterprise Management Co., Ltd.												
Silk Road Shukang Technology (Gansu) Co., Ltd.												
Subtotal	107,643,397.73			9,495,440.17	2,619,075.70	3,023,334.88		1,847,960.41			101,942,407.73	
Total	107,643,397.73			9,495,440.17	2,619,075.70	3,023,334.88		1,847,960.41			101,942,407.73	

Recoverable amount is determined as the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☑Not applicable

Reasons for significant discrepancies between the aforementioned information and the information used in impairment tests in previous years or external information

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual circumstances in the current year

(C) Other information

4. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Core business	863,334,477.71	680,840,169.06	1,106,509,416.90	653,348,474.86
Other operations	6,134,330.87	4,674,270.21	3,576,625.74	1,730,035.12
Total	869,468,808.58	685,514,439.27	1,110,086,042.64	655,078,509.98

Breakdown of operating revenue and operating cost:

Unit: RMB

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which:						
Software sales	299,604,251.90	216,161,596.02			299,604,251.90	216,161,596.02
Technical services	458,323,987.21	362,427,332.23			458,323,987.21	362,427,332.23
System integration	103,905,507.07	102,060,818.54			103,905,507.07	102,060,818.54
Others	7,635,062.40	4,864,692.48			7,635,062.40	4,864,692.48
By operating region						
Of which:						
Eastern China	328,183,031.28	303,066,002.00			328,183,031.28	303,066,002.00
Southern China	97,148,503.63	89,981,672.83			97,148,503.63	89,981,672.83
Northern China	94,334,562.49	81,009,872.01			94,334,562.49	81,009,872.01
Central China	135,553,988.88	68,781,124.16			135,553,988.88	68,781,124.16
Northwest Region	94,490,308.53	67,885,913.88			94,490,308.53	67,885,913.88
Other regions	119,758,413.77	74,789,854.39			119,758,413.77	74,789,854.39
Market or customer type						
Of which:						
Contract type						
Of which:						
Classified by time of transfer of goods						

Category of contract	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Of which:						
Classified by contract duration						
Of which:						
Classified by sales channel						
Of which:						
Total						

Information relating to performance obligations:

Item	Timing of satisfaction of performance obligations	Key payment terms	Nature of goods the Company has undertaken to transfer	Whether the Company acts as principal	Amount the Company has undertaken to refund to customers	Type of quality assurance provided by the Company and related obligations

Other information

(i) Software sales

Software sales constitute a performance obligation satisfied at a point in time; revenue is recognized when the company has satisfied the performance obligation and the customer has confirmed acceptance, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the company.

(ii) Technical services

Technical services include software development services and software and hardware maintenance services. Software development services constitute a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation and the customer has accepted the service, the consideration has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Software and hardware maintenance services constitute a performance obligation satisfied over a period of time; the progress of service provision is determined based on the passage of time during the service period, and revenue is recognized in accordance with the progress of performance.

(iii) System integration

System integration comprises computer information equipment system integration and intelligent network cabling engineering integration. Computer information equipment system integration constitutes a performance obligation satisfied at a point in time; revenue is recognized when the Company has satisfied the performance obligation, the customer has accepted the performance, payment has been received or the right to receive payment has been established, and the associated economic benefits are likely to flow to the Company. Intelligent network cabling engineering integration projects constitute performance obligations to be satisfied over a period of time; the stage of completion of the services provided is determined based on the actual progress of the project, and revenue is recognized in accordance with that stage of completion.

Information regarding the transaction price allocated to the remaining performance obligations:

The amount of revenue corresponding to performance obligations under contracts signed but not yet performed or not yet fully performed at the end of the reporting period was RMB1,476,740,430.94.

Significant contract modifications or significant adjustments to transaction prices

Unit: RMB

Item	Accounting treatment method	Impact on revenue

Other information:

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the cost method		30,000,000.00
Income from long-term equity investments accounted for using the equity method	2,619,075.70	700,411.83
Investment income from disposal of long-term equity investments		-1,155,705.53
Investment income from disposal of financial assets held for trading	1,040,638.49	
Interest income from debt investments during the holding period	6,889,438.36	
Investment income from disposal of other non-current financial assets	2,961,791.26	
Investment income from financial assets measured at amortized cost during the holding period	22,083.39	
Dividend income from other non-current financial assets during the holding period		661,651.61
Total	13,533,027.20	30,206,357.91

6. Others

XX. SUPPLEMENTARY INFORMATION

1. Details of non-recurring gains and losses in the current period

☑Applicable ☐Not applicable

Unit: RMB

Item	Amount	Description
Gains or losses from disposal of non-current assets	606,512.98	
Government grants included in profit or loss for the period (excluding those closely related to the Company's normal business operations, in compliance with national policy provisions, granted in accordance with established criteria, and having a continuing impact on the Company's profit or loss)	24,278,269.74	
Gains or losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses arising from the disposal of financial assets and financial liabilities, excluding effective hedging transactions related to the Company's normal business operations	-7,407,889.15	
Reversal of impairment allowance for receivables subject to individual impairment testing	23,000.00	
Other non-operating revenue and expenses other than those mentioned above	-1,240,035.40	
Less: Income tax effect	308,864.96	
Effect on minority interests (after tax)	5,681,223.34	
Total	10,269,769.87	–

Description of other items of profit or loss meeting the definition of non-recurring items:

☐Applicable ☑Not applicable

The Company has no other specific details regarding items of profit or loss that meet the definition of non-recurring profit or loss.

Description of cases where non-recurring profit or loss items listed in 'Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public – Non-recurring Profit or Loss' have been classified as recurring profit or loss items

☐Applicable ☑Not applicable

2. Return on equity and earnings per share

Profit for the reporting period	Earnings per share		
	Weighted average return on equity	Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	-9.54%	-0.26	-0.26
Net profit attributable to ordinary shareholders of the Company, excluding non-recurring profit and loss	-9.78%	-0.27	-0.27

3. Differences in accounting data under domestic and overseas accounting standards

(A) Differences in net profit and net assets between financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards

☐Applicable ☑Not applicable

(B) Differences in net profit and net assets between financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards

☐Applicable ☑Not applicable

(C) Description of the reasons for differences in accounting data under domestic and overseas accounting standards; where adjustments have been made to data already audited by an overseas audit firm, the name of that firm must be stated

☐Applicable ☑Not applicable

4. Others

The following management discussion and analysis of the results of the Target Company is extracted from the annual reports of the Target Company for the three years ended 31 December 2023, 31 December 2024 and 31 December 2025. Such information was originally published in Chinese and the English translation is provided for reference only.

The Directors wish to emphasise that the excerpts reproduced below were not prepared for the purpose of inclusion in this circular and the Group has not participated in their preparation. Accordingly, the Directors do not express any opinion as to the truthfulness, accuracy or completeness of such information and shareholders and investors should exercise caution and should not place undue reliance on such information.

BUSINESS REVIEW

The Target Company is a joint stock company established in the PRC, the issued shares of which are listed and traded on the ChiNext Board of the Shenzhen Stock Exchange in accordance with relevant regulations (stock code: 300451.SZ). According to the information provided by the Company, the Target Group is principally engaged in the construction, research and development and service innovation of healthcare information technology, and is one of the early software providers in the healthcare information technology sector in China.

The principal business of the Target Group is to provide healthcare information application software and information technology-based system integration services to the healthcare industry. At present, the Target Group has established a relatively comprehensive product line in the field of healthcare information technology, with major products including:

- **Hospital information application software products and services:** including Hospital Information System (HIS), Electronic Medical Record System (EMR), Picture Archiving and Communication System (PACS), Laboratory Information System (LIS) and other core products;

- **Public health information products and services:** covering regional health information platforms, primary healthcare information systems, disease prevention and control information systems;

- **Internet medical application products:** including internet hospital platforms, telemedicine systems and mobile medical applications;

- **Medical insurance information products and services:** including medical insurance payment platforms and medical insurance supervision systems;

- **System integration services:** providing comprehensive solutions such as information infrastructure construction and data centre construction for medical institutions.

The Target Group's business covers 30 provinces (municipalities and autonomous regions) across the PRC and serves hospitals, health administrative authorities, medical insurance institutions and other healthcare organisations. The Target Group is positioned within the first tier of the healthcare information technology industry.

The Company has acquired 96,525,096 shares of the Target Company transferred by Ge Hang (representing approximately 6.23% of the total issued share capital of the Target Company) and has completed the share transfer procedures. Through voting rights entrustment arrangements, the Company has obtained all voting rights attached to 12.64% of the shares of the Target Company. By controlling the board of directors of the Target Company, the Target Company will become a non-wholly owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Company.

FINANCIAL REVIEW

(a) Segment Information and Financial Results

The Target Group is principally engaged in the research and development, sales and services of healthcare information application software and information technology-based system integration services.

The Target Group's revenue is mainly derived from the following business segments: (i) software sales; (ii) technical services; and (iii) system integration. The table below sets forth the breakdown of the revenue of the Target Company by business segments for the periods indicated:

Business Segment	Year ended 31 December 2023	%	Year ended 31 December 2024	%	Year ended 31 December 2025	%
Software Sales	683,067,367.68	42.27%	562,616,325.46	39.55%	335,164,107.20	31.87%
Technical Services	606,776,722.23	37.55%	567,075,211.24	39.86%	581,474,951.51	55.29%
System Integration	158,254,709.95	9.80%	152,811,564.87	10.74%	117,694,227.25	11.19%
Others	167,774,370.40	10.38%	140,142,061.51	9.85%	17,388,962.31	1.65%
Total	1,615,873,170.26	100.00%	1,422,645,163.08	100.00%	1,051,722,248.27	100.00%

Note: The amounts above are denominated in RMB.

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, the Target Group's revenue amounted to approximately RMB1,615.9 million, RMB1,422.6 million and RMB1,051.7 million, respectively.

The Target Group's revenue decreased from RMB1,615.9 million for the year ended 31 December 2023 to RMB1,422.6 million for the year ended 31 December 2024, representing a year-on-year decrease of approximately 11.96%, which was mainly attributable to intensified market competition, extension of the delivery cycles of certain projects and adjustments to customer budgets.

The Target Group's revenue decreased from RMB1,422.6 million for the year ended 31 December 2024 to RMB1,051.7 million for the year ended 31 December 2025, representing a year-on-year decrease of approximately 26.07%, which was mainly attributable to the slowdown in information technology investment by medical institutions due to the macroeconomic environment and the Company's proactive ad-justment of its business structure by divesting certain non-core businesses.

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, the Target Group recorded profit/(loss) before tax of approximately RMB45.4 million, RMB(161.5) million and RMB(415.6) million, respectively. The net profit/(loss) attributable to shareholders of the listed company amounted to approximately RMB36.7 million, RMB(173.5) million and RMB(401.7) million, respectively.

The Target Group recorded a net loss for the year ended 31 December 2024, which was mainly attributable to: (i) the decrease in revenue leading to a decline in gross profit; (ii) the provision for good-will impairment of approximately RMB101.1 million; (iii) an increase in the provision for impairment of trade receivables; (iv) continuous increase in research and development investment; and (v) rigid growth in costs and expenses due to extended project delivery cycles.

The Target Group continued to record a net loss for the year ended 31 December 2025, mainly due to: (i) investment losses arising from the transfer of equity interests in a pharmaceutical sales subsidiary; (ii) provisions for asset impairment; and (iii) continuous increase in research and development investment.

(b) Capital Structure, Liquidity and Financial Resources

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, there were no material changes in the capital structure of the Target Group. The Target Group primarily finances its operations through cash flows generated from its business operations and bank borrowings.

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group's net asset value amounted to approximately RMB4,664 million, RMB4,473 million and RMB4,073 million, respectively. Cash and cash equivalents amounted to approximately RMB1,094 million, RMB1,019 million and RMB455 million, respectively. Total liabilities amounted to approximately RMB1,126 million, RMB1,195 million and RMB1,204 million, respectively, mainly comprising trade payables, employee remuneration payables, taxes payable and other payables.

The Target Company has utilised multiple financing channels and obtained credit facilities from various commercial banks to meet its working capital and capital expenditure needs. The Target Group's bank borrowings mainly comprise short-term working capital loans denominated primarily in RMB obtained from commercial banks. As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group's gearing ratio, which was calculated on the basis of the amount of total bank borrowings divided by the total equity attributable to owners of the Target Group, was 0.16%, 1.11%, and 1.47%, respectively.

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, the net cash flows generated from/(used in) operating activities of the Target Group were approximately RMB158 million, RMB115 million and RMB(21) million, respectively.

(c) Debt-to-Asset Ratio

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group's debt-to–asset ratios were approximately 19.45%, 21.08% and 22.82%, respectively. The debt-to-asset ratio is calculated as total liabilities divided by total assets as at the end of each reporting period.

The debt-to-asset ratio of the Target Group remained at a relatively stable level, indicating a relatively sound financial structure and good solvency.

(d) Contingent Liabilities

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group did not have any material contingent liabilities.

(e) Financial Risk Management

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, the Target Group was mainly exposed to credit risk, liquidity risk and interest rate risk arising in the ordinary course of business.

Credit Risk：The Target Group's credit risk mainly arises from trade receivables. The Target Group manages credit risk by assessing customer credit profiles, setting credit limits and strengthening collection management.

Liquidity Risk：The Target Group manages liquidity risk by maintaining an appropriate level of cash and cash equivalents, monitoring cash flow forecasts and maintaining sufficient bank credit facilities.

Interest rate risk: The Target Group's interest rate risk mainly arises from bank borrowings. As the Target Group's borrowings mainly comprise short-term borrowings and the amount involved is relatively small, the interest rate risk is relatively controllable.

During the above periods, as the operations of the Target Group were mainly conducted in the PRC and its major assets (including cash and cash equivalents), liabilities and business transactions were primarily denominated in RMB, foreign currency transactions accounted for a relatively small proportion of the Target Group's revenue. Accordingly, the Target Group considers that it does not have significant foreign exchange fluctuation risk.

(f) Financing and Financial Policies

During the above periods, as the operations of the Target Group were mainly conducted in the PRC and its major assets (including cash and cash equivalents), liabilities and business transactions were primarily denominated in RMB, foreign currency transactions accounted for a relatively small proportion of the Target Group's revenue. Accordingly, the Target Group considers that it does not have significant foreign exchange fluctuation risk.

The financing policy of the Target Group aims to support business development, maintain financial flexibility and optimise capital structure. When the Target Group has financing needs, it will comprehensively consider the costs and conditions of different financing channels such as bank borrowings and equity financing and select the most appropriate financing method.

(g) Significant Investments

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group held certain external investments. Among them, long-term equity investments amounted to approximately RMB169 million, RMB158 million and RMB153 million respectively, representing approximately 2.8%-3.8% of total assets. As at 31 December 2025, the Target Group did not have plans for material investments and capital assets.

(h) Pledge of Assets

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Group did not have any material pledge of assets.

(i) Employees and Remuneration Policies

As at 31 December 2023, 31 December 2024 and 31 December 2025, the Target Company had 3,759, 3,614 and approximately 3,731 employees, respectively.

For the year ended 31 December 2023, the year ended 31 December 2024 and the year ended 31 December 2025, the total remuneration paid to employees by the Target Group amounted to approximately RMB527 million, RMB579 million and RMB595 million respectively.

Employee remuneration is determined with reference to the operating performance of the Target Company, departmental performance, individual performance and prevailing market salary levels. The Target Company has established a comprehensive remuneration and benefits system, including basic salary, performance bonuses, social insurance and housing provident fund.

In addition, the Target Company has implemented an equity incentive plan to attract and retain key talents.

The Target Company attaches importance to employee training and development and has established a comprehensive training system including induction training for new employees, professional skills training and management training to enhance employees' professional capabilities and overall quality.

(j) Future Plans and Prospects

As at the Latest Practicable Date, the Target Company continues to focus on its core healthcare information technology business and actively promotes the "HDAI" (Health Data AI) ecosystem strategy to accelerate the application of artificial intelligence technology in the healthcare sector.

The future development plans of the Target Company mainly include:

- Technological innovation: continuously increasing investment in research and development to promote the application of emerging technologies such as cloud computing, big data and artificial intelligence in healthcare information technology and enhance product competitiveness;

- Market expansion: deepening penetration in existing markets and expanding into emerging sectors such as primary healthcare, public health and medical insurance;

- Business transformation: promoting the transition from traditional software sales to cloud services and subscription-based service models to increase the proportion of recurring revenue;

- Ecosystem development: building an open healthcare data ecosystem and establishing deep co-operation with medical institutions, medical insurance authorities and pharmaceutical companies.

The Target Company will closely monitor changes in policies in the healthcare information technology industry and market demand and adjust its business strategies in a timely manner to address market challenges and capture development opportunities.

(k) Acquisition or Disposal of Subsidiaries

For the year ended 31 December 2023, the Target Group acquired a 51% equity interest in Lanzhou Yuanteng Software Technology Co., Ltd. for RMB51 million, which constituted a major acquisition of a subsidiary.

For the year ended 31 December 2024, the Target Group did not conduct any major acquisitions or disposals of subsidiaries.

At the end of 2024, the Target Group completed the transfer of the entire equity interest in its pharmaceutical sales subsidiary to optimise its business structure and focus on its core healthcare information technology business. The disposal resulted in the relevant subsidiary no longer being consolidated from 2025 onwards and had certain impacts on the financial position and operating results of the Target Group for 2025.

For the year ended 31 December 2025, the Target Group did not conduct any major acquisitions or disposals of subsidiaries.

SUMMARY OF FINANCIAL INFORMATION

The table below sets out a summary of the key financial data of the Target Group for the periods indicated:

Summary of Income Statement

Item	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
Revenue	1,615.9	1,422.6	1,051.7
Cost of Sales	856.8	779.9	677.0
Gross Profit	759.1	642.7	374.7
Gross Margin	47.0%	45.2%	35.6%
R&D Expenses	247.5	269.3	295.6
Operating Profit/(Loss)	43.7	(163.0)	(414.3)
Net profit/(loss) attributable to shareholders	36.7	(173.5)	(401.7)

Note: The amounts above are denominated in RMB million.

Summary of Balance Sheet

Item	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
Current Assets	3,155.5	3,075.9	2,853.3
Non-current Assets	2,634.8	2,592.2	2,423.8
Total Assets	5,790.3	5,668.1	5,277.1
Current Liabilities	1,112.8	1,182.1	1,197.5
Non-current Liabilities	13.7	12.6	6.5
Total Liabilities	1,126.5	1,194.7	1,204.0
Equity attributable to shareholders	4,606.0	4,419.2	4,010.0
Debt-to-Asset Ratio	19.45%	21.08%	22.82%

Note: The amounts above are denominated in RMB million.

Note：

- The above financial data are extracted from the publicly disclosed annual reports of the Target Company.
- Due to rounding, certain figures may not add up exactly.
- This management discussion and analysis is for reference only and does not constitute any investment advice.

The following is an illustrative unaudited pro forma financial information of ETHK Labs Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") and B-Soft Co., Ltd. and its subsidiaries (together, the "**Target Group**", the Group and the Target Group hereinafter collectively referred to as the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information**"), including the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2025 and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2025 of the Enlarged Group, for the purpose of illustrating the effect of the acquisition of the Target Group (the " **Acquisition**"), as if the Acquisition had been completed on 31 December 2025 for the unaudited pro forma consolidated statement of assets and liabilities and as if the Acquisition had taken place on 1 January 2025 for the unaudited pro forma consolidated statement of profit or loss.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "**Directors**") based on the consolidated statement of financial position of the Group as at 31 December 2025 and the consolidated statement of profit or loss for the year ended 31 December 2025 as set out in the published annual report of the Group for the year ended 31 December 2025, the historical financial information of the Target Group as at 31 December 2025 and for the year ended 31 December 2025 which has been extracted from the FINANCIAL INFORMATION OF THE TARGET GROUP as set out in Appendix II of this circular, and the pro forma adjustments prepared to reflect the effects of the Acquisition as described in the accompanying notes. These pro forma adjustments are (i) directly attributable to the Acquisition and not relating to other future events or decisions and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules for illustrative purpose only and is based on certain assumptions, estimates, uncertainties and other currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position and financial performance of the Enlarged Group had the Acquisition been completed as at 31 December 2025 or 1 January 2025, where applicable, or at any future date.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities

	The Group as at 31 December 2025 *RMB'000* *(Note 1)*	Target Group as at 31 December 2025 *RMB'000* *(Note 2)*	Pro forma adjustment *RMB'000* *(Note 3)*	Pro forma adjustment *RMB'000* *(Note 4)*	Enlarged Group *RMB'000*
Non-current assets					
Property, plant and equipment	204,818	491,333	–	9,472 (a)	705,623
Intangible assets	1,635,885	1,488,019	3,952,570 (a)	(9,472)	7,067,002
Development costs	–	6,189	–	–	6,189
Investment properties	–	125,936	–	–	125,936
Investments in associates	480,596	152,691	–	–	633,287
Investment in a joint venture	20,214	–	–	–	20,214
Financial assets at fair value through profit or loss	2,427	50,299	–	–	52,726
Financial assets through other comprehensive income	–	2,309	–	–	2,309
Deferred tax assets	23,994	107,009	–	–	131,003
Total non-current assets	2,367,934	2,423,785	3,952,570	–	8,744,289
Current assets					
Inventories	2,287,967	371,796	–	–	2,659,763
Trade receivables	452,554	1,422,884	–	–	1,875,438
Prepayments and other receivables	275,944	537,839	–	–	813,783
Contract assets	–	63,632	–	–	63,632
Financial assets at fair value through profit or loss	2,136	1,666	–	–	3,802
Pledged deposits	197,758	–	–	–	197,758
Cash and cash equivalents	350,924	455,495	(500,000) (a)	–	306,419
Total current assets	3,567,283	2,853,312	(500,000)	–	5,920,595

	The Group as at 31 December 2025	Target Group as at 31 December 2025	Pro forma adjustment		Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current liabilities					
Trade payables	656,213	700,923	–	–	1,357,136
Other payables and accruals	141,267	434,343	1,378 (b)	–	576,988
Interest-bearing bank borrowings	1,842,042	59,679	–	–	1,901,721
Other financial liabilities	–	2,550	–	–	2,550
Tax payable	13,997	–	–	–	13,997
Total current liabilities	2,653,519	1,197,495	1,378	–	3,852,392
Net current assets	913,764	1,655,817	(501,378)	–	2,068,203
Total assets less current liabilities	3,281,698	4,079,602	3,451,192	–	10,812,492
Non-current liabilities					
Other payables and accruals	65,400	5,562	–	–	70,962
Provisions	–	928	–	–	928
Deferred tax liabilities	204,941	–	–	–	204,941
Total non-current liabilities	270,341	6,490	–	–	276,831
Net assets	3,011,357	4,073,112	3,451,192	–	10,535,661

Unaudited Pro Forma Consolidated Statement of Profit or Loss

	The Group as at 31 December 2025 *RMB'000* *(Note 1)*	Target Group as at 31 December 2025 *RMB'000* *(Note 2)*	Pro forma adjustment *RMB'000* *(Note 3)*	Pro forma adjustment *RMB'000* *(Note 4)*	Enlarged Group *RMB'000*
Revenue	2,820,663	1,051,722	–	–	3,872,385
Cost of sales	(2,254,293)	(676,986)	–	–	(2,931,279)
Gross profit	566,370	374,736	–	–	941,106
Other income and (losses)/gains, net	(5,203)	77,864	–	–	72,661
Taxes and Surcharges	–	(11,663)	–	11,663	–
Selling and distribution expenses	(159,548)	(88,536)	–	–	(248,084)
Administrative expenses	(220,912)	(204,164)	–	(12,148) (b)	(437,224)
Research and development expenses	–	(295,647)	–	–	(295,647)
Impairment losses of trade and other receivables, net	(5,606)	(134,303)	–	–	(139,909)
(Impairment of)/reversal of impairment of assets, net	–	(122,490)	–	–	(122,490)
Finance costs	(60,687)	(1,055)	–	485	(61,257)
Fair value loss on financial assets at fair value through profit or loss	(11,264)	(12,572)	–	–	(23,836)
Share of (losses)/gain of associates	(9,468)	2,274	–	–	(7,194)
Share of loss of a joint venture	(5,450)	–	–	–	(5,450)
Profit/(loss) before tax	88,232	(415,556)	–	–	(327,324)
Income tax (expense)/credit	(50,826)	25,101	–	–	(25,725)
Profit/(loss) for the year	37,406	(390,455)	–	–	(353,049)

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Group for the year ended 31 December 2025.

2. The amounts are extracted from the accountants' report of the Target Group as set out in Appendix II to this circular.

3. (a) Pursuant to the Share Transfer Agreement, the total consideration of RMB$500,000,000 will be satisfied by cash.

Upon the completion of the Acquisition, the Target Company will become a non-wholly owned subsidiary of the Company. The financial information of the Target Group will be consolidated into the accounts of the Group and the identifiable assets and liabilities of the Target Group will be accounted for by the Group at their fair values in accordance with International Financial Reporting Standard 3 (Revised) "Business Combination".

For the purpose of the unaudited pro forma financial information of the Enlarged Group and for illustrative purpose only, the Group has carried out a provisional purchase price allocation exercise in accordance with International Financial Reporting Standard 3 (Revised).

Details of the identifiable assets and liabilities of the Target Group used in the preparation of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group and the calculation of goodwill are as follows:

	As at 31 December 2025 *RMB'000*
Consideration for 6.23% of the total issued share capital of the Target Group	500,000
Implied fair value of the net identifiable assets of the Target Group (100%)	8,025,682
Less: Carrying amount of net assets of the Target Group	(4,073,112)
Goodwill	3,952,570

The amounts of goodwill and fair values of the identifiable assets and liabilities of the Target Group are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of the Target Group on the date of completion of the Acquisition. Consequently, the resulting goodwill, the actual allocation of the purchase price at the date of completion will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had performed an impairment assessment of the goodwill and intangible assets in accordance with International Accounting Standard 36 "Impairment of Assets". Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for goodwill will not be reversed in a subsequent period.

Based on the latest information available to us when preparing the Unaudited Pro Forma Financial Information, no impairment of goodwill has been recognised by the Group. This impairment was determined based on the recoverable amount of the Target Group, determined based on the value in use of the Target Group. The Group adopts the same accounting policy for the impairment of goodwill for the goodwill arising from the Acquisition.

(b) It represents the estimated legal and professional fees and other direct expenses in relation to the Acquisition of approximately RMB1,378,000.

4. (a) It represents the reclassification of the Target Group's Land Use Right of approximately RMB9,472,000 from Intangible Assets to Property, Plant and Equipment to conform with the Group's accounting policies.

(b) It represents the reclassification of the Target Group's Bank Charges of approximately RMB485,000 from Finance Costs and Taxes and Surcharges of approximately RMB11,663,000 to Administration Expenses to conform with the Group's accounting policies.

5. Other than the above adjustments, no other adjustment had been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2025. The above adjustments are not expected to have a continuing effect on the unaudited pro forma financial information of the Enlarged Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To The Directors of ETHK Labs Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ETHK Labs Inc. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only.

The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2025 and related notes as set out on pages IV-1 to IV-6 of the circular in connection with the major transaction in relation to the acquisition of the target shares and entrustment arrangement (the "**Acquisition**") issued by the Company dated June 30, 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page IV-1 to IV-6 of Appendix IV the Circular. The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's assets and liabilities as at 31 December 2025 and the Group's financial performance for the year ended 31 December 2025 as if the Acquisition had taken place at 31 December 2025 and 1 January 2025, respectively. As part of this process, information about the Group's financial position and the financial performance has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2025, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event or transaction had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong Limited
Certified Public Accountants
Lee Hei Lam
Practising Certificate Number: P06294

Hong Kong
June 30, 2026

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules, were as follows:

Long Positions in the Shares and underlying Shares

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares and underlying Shares [(1)]	Approximately percentage of shareholding interest
Lin Xianya [(2)]	Interest in controlled corporation	14,303,041 (L)	0.88%

Notes:

(1) The letter "L" denotes the long position in the Shares.

(2) Mr. Lin was the sole shareholder and a director of Lucan Investment Limited. Therefore, Mr. Lin was deemed to be interested in Lucan Investment Limited's interest in the Shares pursuant to the SFO. The disclosed interest represents 14,303,041 Shares held by Lucan Investment Limited.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are 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.

B. Substantial Shareholders' Interests in Shares and Underlying Shares of the Company

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) and entities had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests and Long Positions in Shares

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares [1]	Approximately percentage of shareholding interest [2]
Goheal Holdings Limited	Beneficial owner	450,882,858 (L)	27.81%
KS&KL Investment Co. Limited [2]	Interest in controlled corporation	450,882,858 (L)	27.81%
King Sun Limited [2]	Interest in controlled corporation	450,882,858 (L)	27.81%
Leung King Sun [2]	Interest in controlled corporation	450,882,858 (L)	27.81%
Ho Kuk Sing [2]	Interest in controlled corporation	450,882,858 (L)	27.81%
Huatuo International Development Co., Limited	Beneficial owner	443,654,371 (L)	27.36%
Shinva Medical Instrument Co., Ltd. [3]	Interest in controlled corporation	443,654,371 (L)	27.36%
North Haven Private Equity Asia IVD Company Limited	Beneficial owner	92,646,730 (L)	5.71%
North Haven Private Equity Asia IVD Holding Limited [4]	Interest in controlled corporation	92,646,730 (L)	5.71%
North Haven Private Equity Asia IV Holdings Limited [4]	Interest in controlled corporation	92,646,730 (L)	5.71%
North Haven Private Equity Asia IV. L.P. [4]	Interest in controlled corporation	92,646,730 (L)	5.71%

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares [1]	Approximately percentage of shareholding interest [2]
Morgan Stanley Private Equity Asia IV, L.L.C. [4]	Interest in controlled corporation	92,646,730 (L)	5.71%
Morgan Stanley Private Equity Asia IV. Inc. [4]	Interest in controlled corporation	92,646,730 (L)	5.71%
MS Holdings Incorporated [4]	Interest in controlled corporation	92,646,730 (L)	5.71%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) Ho Kuk Sing and Leung King Sun 100% controlled KS&KL Investment Co. Limited and King Sun Limited, respectively. KS&KL Investment Co. Limited held 38.93% and King Sun Limited held 45.55% of Goheal Holdings Limited, respectively (with respective indirect interest in 450,882,858 Shares pursuant to the SFO). The disclosed interest represents 450,882,858 Shares held by Goheal Holdings Limited.

(3) Huatuo International Development Co., Limited was 100% controlled by Shinva Medical Instrument Co., Ltd. Therefore, Shinva Medical Instrument Co., Ltd was deemed to be interested in Huatuo International Development Co., Limited's interest in Shares pursuant to the SFO.

(4) The register showed: North Haven Private Equity Asia IVD Company Limited as beneficial owner of 92,646,730 Shares (L). North Haven Private Equity Asia IVD Company Limited is 100% controlled by North Haven Private Equity Asia IVD Holding Limited, which is in turn 100% controlled by North Haven Private Equity Asia IV Holdings Limited. North Haven Private Equity Asia IV Holdings Limited is 100% controlled by North Haven Private Equity Asia IV, L.P., which is in turn 100% controlled by Morgan Stanley Private Equity Asia IV, L.L.C.. Morgan Stanley Private Equity Asia IV, L.L.C. is 100% controlled by Morgan Stanley Private Equity Asia IV, Inc.. Morgan Stanley Private Equity Asia IV, Inc. is 100% controlled by MS Holdings Incorporated. Therefore, MS Holdings Incorporated is deemed to be interested in Shares which North Haven Private Equity Asia IVD Company Limited was directly interested in pursuant to the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other persons (other than a Director or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or his/her close associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interests, directly or indirectly, in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular which is significant in relation to the businesses of the Enlarged Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Enlarged Group (excluding contracts expiring or terminable by the Enlarged Group within one year without payment of any compensation (other than statutory compensation)).

6. MATERIAL LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, save for the litigation in relation to the Target Company disclosed in this circular, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

Save as disclosed below, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Enlarged Group within the two years immediately preceding the date of this circular:

(i) the Share Transfer Agreement;

(ii) the First Voting Rights Entrusted Agreement; and

(iii) the Second Voting Rights Entrusted Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there have not been any material adverse change in the financial or trading positions of the Group since 31 December 2025, the date to which the latest published audited consolidated financial statements of the Company were made up.

9. EXPERTS' QUALIFICATION AND CONSENT

The following sets for the qualification of the experts who have given opinions contained in this circular:

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountants

Prism Hong Kong Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or opinions and the references to its names (including its qualifications) included herein in the form and context in which it is included.

As at the Latest Practicable Date, Prism Hong Kong Limited (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and the Target Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group and the Target Group since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up.

10. MISCELLANEOUS

(a) The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands;

(b) The address of the principal place of business of the Company in Hong Kong is Room 1703, Grandtech Centre, 8 On Ping Street, Sha Tin, Hong Kong;

(c) The Company's branch share registrar is Tricor Investor Services Limited, whose address is 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong; and

(d) The company secretary of the Company is Mr. Chan Siu Kei Ken, a member of the Certified Practising Accountant Australia, a member of the Chartered Governance Institute in the United Kingdom, a member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.ivd.xyz) for a period of 14 days from the date of this circular:

(a) the Share Transfer Agreement;

(b) the First Voting Rights Entrusted Agreement;

(c) the Second Voting Rights Entrusted Agreement;

(d) the annual reports of the Target Group as set out in Appendix II to this circular;

(e) the report on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular; and

(f) the letters of consent from each of the experts referred to in the section headed "Experts' Qualification and Consent" in this appendix.

ETHK Labs
华检医疗（1931.HK）

ETHK Labs Inc.
華檢醫療控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1931)

NOTICE IS HEREBY GIVEN that that an extraordinary general meeting of the Company will be convened physically at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 27 July 2026 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company.

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the share transfer agreement (the "**Share Transfer Agreement**") dated 12 November 2025 entered into by Hangzhou Better Smart Investment Management Consulting Partnership (Limited Partnership) *（杭州更好智投管理諮詢合夥企業（有限合夥）) (the "**Purchaser**") and Mr. Ge Hang (the "**Vendor**") and the proposed transactions and other matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and

   (b) any one of the directors of the Company be and is hereby authorized to do all such acts and things incidental to the Share Transfer Agreement and the relevant ancillary agreements as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Share Transfer Agreement, the relevant ancillary agreements and the transactions contemplated thereunder."

2. "**THAT**

   (a) the first voting rights entrusted agreement (the "**First Voting Rights Entrusted Agreement**") dated 12 November 2025 entered into by the Purchaser and the Vendor and the proposed transactions and other matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and

   (b) any one of the directors of the Company be and is hereby authorized to do all such acts and things incidental to the First Voting Rights Entrusted Agreement and the relevant ancillary agreements as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the First Voting Rights Entrusted Agreement, the relevant ancillary agreements and the transactions contemplated thereunder."

3. "**THAT**

(a) the second voting rights entrusted agreement (the "**Second Voting Rights Entrusted Agreement**") dated 14 November 2025 entered into by the Purchaser and Jinfuyuan (Hainan) Private Equity Fund Management Partnership (Limited Partnership)*(錦福源(海南)私募基金管理合夥企業(有限合夥)) and the proposed transactions and other matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and

(b) any one of the directors of the Company be and is hereby authorized to do all such acts and things incidental to the Second Voting Rights Entrusted Agreement and the relevant ancillary agreements as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Second Voting Rights Entrusted Agreement, the relevant ancillary agreements and the transactions contemplated thereunder."

By order of the Board
ETHK Labs Inc.
Lin Xianya
Executive Director

Hong Kong, 30 June 2026

Notes:

1. All resolutions at the meeting will be taken by way of a poll (except where the chairman allows in good faith a resolution relating to a procedural or administrative matter to be voted on by a show of hands in which case every shareholder present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands) pursuant to the Listing Rules and the Articles of Association of the Company. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. A proxy form for the meeting is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.ivd.xyz).

   Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder present in person or by proxy shall be entitled to one vote for each fully paid share held by him.

   In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

3. Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 21 July 2026 (the extraordinary general meeting record date) will be entitled to attend and vote at the extraordinary general meeting. For the purpose of determining shareholders who are entitled to attend and vote at the extraordinary general meeting, the register of members of the Company will be closed from Wednesday, 22 July 2026 to Monday, 27 July 2026, both days inclusive. In order to qualify for attending and voting at the extraordinary general meeting, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 21 July 2026.

4. The extraordinary general meeting will be a physical meeting. If a black rainstorm warning, a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon is hoisted or announced by the HKSAR Government after 7:00 a.m, on the date of the meeting, the meeting will be adjourned in accordance with the articles of association of the Company. The Company will as soon as practicable post an announcement on the websites of Hong Kong Exchanges and Clearing Limited and the Company to notify the Shareholders of the date, time and place of the adjourned meeting.

   If a black rainstorm warning, a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon is lowered or cancelled by the HKSAR Government at or before 7:00 a.m. on the date of the meeting and where conditions permit, the meeting will be held as scheduled.

   "Extreme conditions" herein include but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons.

   The meeting will be held as scheduled when an "amber" or "red" rainstorm warning signal is in force.

5. References to time and dates in this notice are to Hong Kong time and dates.

6. If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the Company's head office and principal place of business in Hong Kong.

7. Shareholders may contact Customer Service Hotline of Tricor Investor Services Limited at (852) 2980 1333 from 9:00 a.m. to 5:00 p.m., Monday to Friday (excluding public holidays) for any enquiry regarding the aforesaid arrangement.

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Lin Xianya, Mr. Chan Siu Kei Ken and Ms. Yi Xiao, two non-executive directors, namely, Ms. Yao Haiyun and Mr. Liu Fei and three independent non-executive directors, namely, Dr. Zhong Renqian, Mr. Xu Da and Mr. Zhang Jianlei.

* *For identification purposes only*