

ANNUAL REPORT 2 0 2 5



Chinasoft International Limited **中軟國際有限公司***

Incorporated in the Cayman Islands with Limited Liability
Stock Code: 0354

* for identification purpose only

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2 Corporate Information

THE BOARD OF DIRECTORS

Executive Directors

Dr. Chen Yuhong (*Chairman & Chief Executive Officer*)

Dr. He Ning (*Vice Chairman*)

Dr. Tang Zhenming

Non-executive Directors

Dr. Zhang Yaqin

Mr. Gao Liangyu

Independent non-executive Directors

Dr. Lai Guanrong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

REMUNERATION COMMITTEE

Dr. Lai Guanrong (*Chairman*)

Dr. Chen Yuhong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

AUDIT COMMITTEE

Professor Mo Lai Lan (*Chairman*)

Dr. Lai Guanrong

Mr. Yeung Tak Bun J.P.

NOMINATION COMMITTEE

Dr. Lai Guanrong (*Chairman*)

Dr. Chen Yuhong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

COMPANY SECRETARY

Ms. Leong Leung Chai Florence

AUTHORISED REPRESENTATIVES

Dr. Chen Yuhong

Ms. Leong Leung Chai Florence

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

WEBSITE

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STOCK CODE

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Cayman Islands

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Wanchai

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

China CITIC Bank International Limited

HSBC Bank (China) Company Limited

Citibank (China) Co., Limited

Industrial and Commercial Bank of China Limited

China Construction Bank Corporation

China Merchants Bank Co., Ltd.

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Dear Investors:

AI is reshaping this era with unprecedented force. It brings not only the immense challenges of industrial restructuring and a software engineering revolution, but also allows us, amidst the full acceleration of autonomous controllability in the “15th Five-Year Plan” and the wave of AI transformation, to seize technological leadership and usher in the tremendous opportunity to “surpass ERP and surpass IoT”. Centering closely on first principles, the Company is leaping into the new epoch of the “Intelligence Era” characterized by time folding, amidst the whistling of silver bullets.

During the Reporting Period, the Company achieved an operating revenue of RMB17,027 million, of which full-scenario AI sales amount was RMB2,000 million (a YoY increase of 109.2%). Having undergone continuous high-intensity profit-sacrificing investments from SP301 to SP305, the Company has laid a solid foundation for the development of the new tracks of AI HarmonyOS and AI ERP. The strategic layout has been completed, and transformation and upgrading are advancing steadily. The Company is positioned as an “Architect and Synthesist of Enterprise Agentic AI”. As an Architect, we start from the AI-native infrastructure platform, relying on Ascend/Kunpeng full-stack domestic computing power to build pilot platforms, realizing the large-scale amplification of AI-native value and efficacy. As an Synthesist, we cut in from Data for AI, gathering foundational model partners such as Kimi and Minimax to jointly expand vertical industry models. Our value spans across the sensing layer of the physical world (Physical AI), the sensing layer and dynamic semantic layer of the digital world (Digital AI), all the way to the multi-agent integrated application layer. We continue to deeply cultivate key foundational industries such as power and energy, finance, and transportation. Guided by real customer needs, we are increasing the intensity of talent and capital investment to build a full-scenario full-stack AI product, solution, and service system.

1. AI HARMONYOS: BUILDING A “HARDWARE-SOFTWARE INTEGRATED” PRODUCT ECOSYSTEM, SUPPORTING SOLUTION INNOVATION WITH CORE PRODUCTS

AI HarmonyOS represents a crucial deployment of the Company's Physical AI capabilities. All industries are rapidly advancing toward advanced digital and intelligent transformation, with the foundation lying in high-quality data – data characterized by security, real-time capabilities, completeness, and reliability. High-quality data from the physical world originates from hardware devices, while the operating system serves as the core gateway for data acquisition and management. OpenHarmony achieves deep device integration and data unification at the operating system layer, providing high-quality data soil for AI agents and becoming the crucial bridge connecting the physical world with digital intelligence. Its revolutionary nature lies in the “Super Device” model: breaking the boundaries of individual hardware through the distributed soft bus, pooling resources from multiple devices within a space into a synergistic whole, fundamentally solving the root problems of data interconnection and unification from the source. Through the collaborative innovation of KaihongOS and KaihongOS Meta (Super Device Management Platform), the Company has created an open and leading Kaihong secure digital foundation, empowering transformation and innovation across industries including public security, transportation, and power. Various industry-specific intelligent agents developed upon this foundation output high-quality data based on unified standards, leveraging large models to achieve precise intent understanding, planning decisions, and autonomous collaboration, ultimately building a new paradigm of full-scenario intelligent collaboration among “human-machine-object”.

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During the Reporting Period, the Company continued to promote KaihongOS and KaihongOS Meta as the digital and intelligent foundation for “urban renewal,” focusing on cities with advantageous resources. It achieved key breakthroughs in public security, housing and construction, transportation, water conservancy, and other fields, while driving the expansion of categories such as HarmonyOS-ization of urban low-voltage systems and spatial intelligence, forming a large-scale market landscape with distinctive hardware-software integrated characteristics. With the “City Industry Partner” as the core of its business design, the Company participated in the top-level design and ecosystem building of “HarmonyOS Cities,” as well as the construction of “Two Major” and “Two New” projects in Xi’an, Shenzhen, Beijing, Suzhou, and other locations. It promoted the upgrade and transformation of urban IoT sensing networks into intelligent sensing networks, adopting a tailored approach for each city. The Company assumes triple roles of innovation empowerment, product R&D, and ecosystem integration, leveraging technological variables such as AI and HarmonyOS to create new solutions in existing markets, incubate proprietary products, expand categories, and leverage resources to acquire projects, consolidating hardware/software development adaptation and mass production capabilities. In Xi’an, the Company established the “OpenHarmony Technology Adaptation (Certification) and Product Development Center,” adopting a challenge-based mechanism to lead industrial development. The center evolved into new R&D institutions and industrial innovation platforms, building a complete incubation chain, continuously exploring and practicing the connotation and extension of the City Industry Partner model, driving the clustered development of the intelligent hardware ecosystem. In terms of industry depth, the Company defined category standards for new-generation intelligent individual policing equipment, created the “Dianhong” (Electric HarmonyOS) intelligent charging station, combined “holographic cameras” with “voiceprint recognition” for application in detention facility management, and launched the “radar-vision integrated” solution in smart expressway tunnel scenarios.

The Company actively leads open-source ecosystem development, having donated the nation’s first distributed heterogeneous multi-robot collaborative robot operating system based on OpenHarmony – “M-Robots OS” – to the OpenAtom Open Source Foundation. This system deeply integrates OpenHarmony’s native distributed multi-device collaboration capabilities, enabling “multi-robot collaboration and swarm intelligence.” The Company will build a comprehensive development ecosystem toolchain within three years and actively promote the “M-Robots OS Partner” program. Together with Shenzhen Kaihong Technology Co., Ltd., the Company’s code contributions to the OpenHarmony community have exceeded 6.5 million lines. It has also released the “Kaihong Bot Series” developer empowerment platform, maintaining a leading position in the AI HarmonyOS business.

2. **AI ERP: RECONSTRUCTING THE ENTERPRISE INTELLIGENT OPERATING SYSTEM, ACHIEVING A PARADIGM LEAP FROM “SYSTEMS OF RECORD” TO “INTELLIGENT OPERATION”**

AI ERP represents a crucial deployment of the Company’s Digital AI capabilities. Against the backdrop of complex international relations, “autonomous controllability” of core systems for central state-owned enterprises has evolved from an optional question to a mandatory one. Meanwhile, we urgently need to bid farewell to the era of “rigid software,” embracing the philosophy that “we are what we model” to ride the trend, in order to achieve a paradigm leap from “Systems of Record” to “Intelligent Operation.” Focusing on the energy and power industry, the Company has developed the AI-native allmeta Enterprise Intelligent Operating System (EOS), precisely addressing the three core needs of central state-owned enterprise clients: autonomous controllability, advanced substitution, and AI-native empowerment.

The enterprise ERP becomes the semantic layer foundation for Enterprise Agentic AI and the value hub connecting related businesses through Tokens. As a System of Record, it plays the role of “1”; without this “1,” the value brought by AI that is, the hundreds, thousands and millions formed by the subsequent “0”s would be meaningless. For large model Tokens to enter the enterprise, ERP remains the gateway, the metadata perception layer for enterprise applications, and the aggregation layer for Skills. Allmeta comprises a three-layer architecture of allmeta ECore, allmeta Ontology, and allmeta Agentic: ECore (the Data and Intelligence Foundation) is based on an enterprise-grade metadata kernel, carrying seven core business-finance integrated processes, providing standardized and semantic-capable data models and services, supporting flexible extension of multi-business rules and real-time consistency, building a trustworthy and efficient data foundation; Ontology (the Cognitive Hub) constructs an industry-level business rule Ontology library, abstracting industry best practices in processes, data models, and business rules into reusable and inferable “knowledge graphs”; Agentic (the Execution Network) completes the closed loop of perception, decision-making, execution, and feedback within authorized and rule-defined boundaries.

Allmeta caters to three types of customer needs: first, complete replacement, primarily for industries deeply entrenched in traditional ERP systems; second, partial replacement, where investment in Agentic is increased to enhance value beyond existing investments; and third, minimizing the Core and building a complete ontology semantic layer and new peripheral applications. The Company provides Token-based services on the software side and offers an “Integrated Computing and Power Machine” on the hardware side, deeply empowering “computing-power collaboration.” The development of AI heavily relies on computing power, and the foundation of computing power lies in electricity. Electricity and computing power together constitute over 70% of the cost of Tokens. Efficient conversion of electricity into Tokens can yield several times the value.

During the Reporting Period, as a core supplier, the Company successfully secured the full-group penetration of the nuclear power system for a large domestic central enterprise, demonstrating its capability to bear “the nation’s heavy responsibilities.” The Company will work with partners to jointly build the allmeta product platform ecosystem, continuously creating new models of “advanced substitution,” and accelerating the expansion of energy and power industry clients including the “Five Major, Six Minor, and Two New” categories. Taking ERP as the entry point, the Company assists clients in achieving coordinated computing and power management. Through the BootCamp co-creation approach, the Company deploys FDE (Forward Deployed Engineer) frontline deployment expert teams to assist clients in building AI-native applications, exploring Token revenue-sharing models, and achieving the paradigm leap from “Systems of Record” to “Intelligent Operation.”

3. AI-NATIVE DEVELOPMENT AND INDUSTRY SOLUTIONS: FORGING THE NEW CORE OF “HUMAN-MACHINE COLLABORATIVE INTELLIGENCE”

The Company actively responds to the challenges of AI-reconstructed software engineering. In key industries such as power and finance, it continuously enriches full-scenario Agent applications and vertically integrated solutions, builds Trusted Agent Factories, and deploys elite FDE teams practicing “human-machine collaborative intelligence.” It applies AI-native development platforms and self-developed tools to carry out AI programming, AI testing, and AI operations at scale, collaborates with major clients to advance pilot projects, and comprehensively improves delivery efficiency. Through the BootCamp model, the Company conducts joint innovation with clients, abstracting and precipitating knowledge logic frameworks and semantic network ontologies. Based on the ontology model, it achieves the evolution from “Knowledge” to “Skills,” combining specific skill modules (Skills) to form AI digital employees adapted to the needs of different positions within the client organization. This helps clients build Agents or Agent cluster collaborations, with over a hundred prototype verification projects already delivered.

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The Company has established an "AI Strategic Reserve Force." Functioning as a "three-in-one" entity, this reserve force integrates the "Combat Training Center, Rotation and Circulation Center, and Mobile Combat Force," selecting core backbone personnel with transformation potential in batches. Relying on BootCamp, the reserve force aims to cultivate "AI Operators" possessing AI-native working methods and practical capabilities. Adhering to the principle of "results-oriented," it uses real business needs to drive growth, learning to solve problems. It will bridge internal and external exits, deploy into frontline specific scenarios, and infuse blood for the Company's AI ERP and AI HarmonyOS new tracks. Simultaneously, it will drive in reverse the upgrade of existing positions toward the "human-machine collaborative intelligence" model, accelerating personnel circulation through "continuous rotation training," thereby optimizing the Company's long-term talent structure.

The Company launched a series of AI transformation projects to streamline and restructure the collaborative full-process workflow of "A-H-C" (AI-Human-Computer System), establishing comprehensive metrics. Meanwhile, it actively built a "data-driven penetrating dynamic management" system, achieving refined management that is "people/project-centric, with precise strategies, controllable rhythm, and proactive risk management" based on dynamic data. Management granularity was refined down to every individual to serve the real-time improvement of profitability. Furthermore, the Company promoted full scheduling and dynamic allocation of regional personnel, exploring new supply models such as "on-demand engineers" and freelancers to achieve dynamic and efficient resource allocation and reuse. To support these transformations, the Company established the AI-EAS COE to drive deep integration of AI with business in recruitment, operations management and other areas, achieving ultimate optimization of management cost-efficiency ratios; the Company also established the AI JointForce Engineering Institute, exploring new AI-native development models, productizing and methodologizing "trainable business" to systematically empower business units and external customers across various industries.

To respond to constant change with unwavering consistency, and to turn the unknown into the known, the only way is to always stay with our customers. By using AI to help customers solve their pain points, and by continuously co-creating and growing in sync within our customers' daily evolving business scenarios and data value, working together towards mutual success, we can navigate through industry cycles. Under the grand narrative of the national "15th Five-Year Plan" investment in new quality productive forces, we must firmly grasp the initiative for future development. We are the ones closest to AI. With our foundation and confidence, we have the audacity to build capabilities in low-scoring domains that never existed before, to establish new future-facing capabilities in high-scoring domains, and to manage the adjustment of existing resources in high-scoring domains. We must sprint into the exclusive feast of AI reserved for the few, and become the ultimate victors.

As we celebrate the Company's 30th anniversary, Chinasoft International will forge ahead courageously in this great industrial transformation with firm strategic resolve and sustained innovative drive. With unwavering determination, we will steadily advance towards our magnificent goal of capturing "one-tenth of the world's market"!

Chinasoft International Limited

Dr. CHEN Yuhong

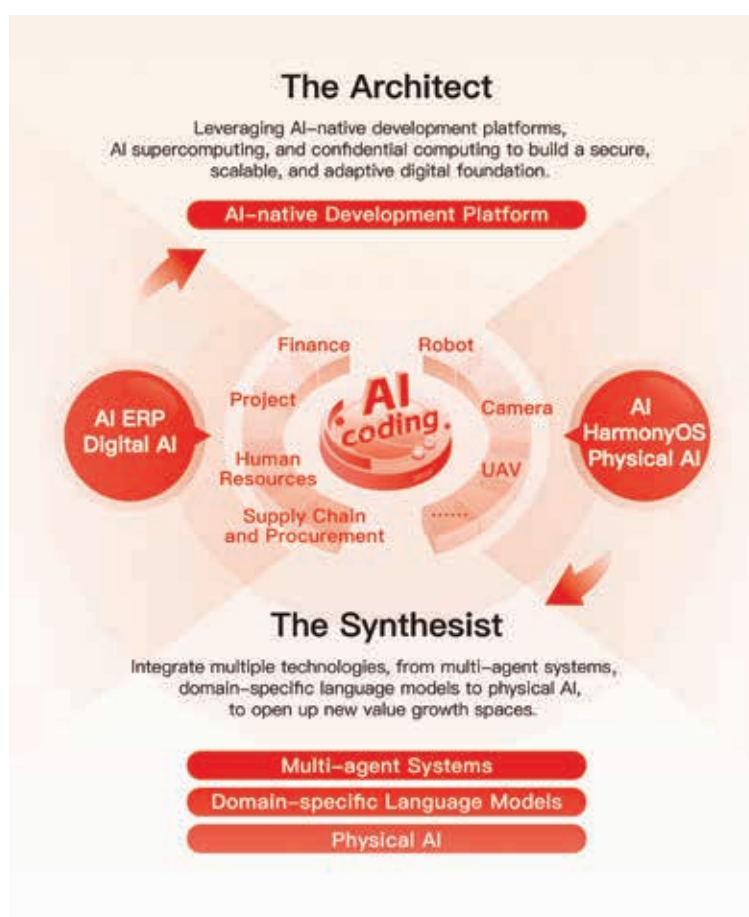
Chairman

March 2026

1. FULL-STACK FULL-SCENARIO AI PRODUCTS AND SERVICES

1. Full-Stack Full-Scenario AI Strategy Implementation through One Body, Two Wings

In 2025, the Company advanced the implementation of its full-stack full-scenario AI strategy, adhering to the “One Body, Two Wings” framework with AI HarmonyOS and AI ERP as the two wings. Through cornerstone efficiency improvement, breakthroughs in the two wings, and ecosystem positioning, the Company focused on full-stack full-scenario AI products, solutions and services. The strategic goal is to surpass traditional IoT and traditional ERP through full-stack full-scenario AI, and become an architect and integrator of enterprise Agentic AI. During the Reporting Period, the Company’s transformation through the full-stack full-scenario AI strategy achieved significant results, with sale amount from full-stack full-scenario AI products and services reaching RMB2,000 million, representing a YoY increase of 109.2%.



AI HarmonyOS constitutes the Physical AI component of the One Body, Two Wings strategy, providing high-quality data for AI platforms and serving as the foundation for AI to enter the physical world. With Harmony intelligent connectivity and hardware-software integrated intelligent terminal products as the first growth wing, the Company participates deeply in the large-scale implementation of Harmony Cities, rapidly capturing key scenarios including transportation, public security, water affairs and housing and construction through the city partnership mechanism, continuously expanding market share and benchmark influence. Adhering to the hardware-software integrated strategy, the Company leverages OpenHarmony root technologies to expand categories of intelligent hardware and create new AI+HarmonyOS intelligent terminal products, building full-chain capabilities spanning operating systems, intelligent terminals to solutions.

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AI-native ERP constitutes the Digital AI component of the One Body, Two Wings strategy, securing the core entry point for enterprise Agentic AI. The Company is fully dedicated to developing the AI-native ERP product allmeta, deeply synergizing with mainstream large models to build industry intelligent agent platforms, and reconstructing core enterprise operating systems with AI-native architecture. Focusing on central state-owned enterprises, with priority given to large-scale energy and power and financial industries, the Company implements benchmark projects to rapidly increase the proportion of high-value customers. Leveraging the integrated advantages of AI + IT Application Innovation + ERP, the Company builds high-stickiness, high-repeat-purchase productized revenue, transitioning from project-based services to platform-based operations to create new growth momentum for the future.

The rapid development of AI technology is the foundation of all transformations. Only through deep integration of AI HarmonyOS and AI ERP with large model technologies, achieving AI-native architecture, can they truly surpass Internet of Things and traditional ERP. AI Coding reconstructs the cornerstone business, enhancing business productivity and operational efficiency. The cornerstone business fully embraces AI Coding and intelligent development tools, driving cost optimization and leapfrog improvement in per capita output through technology-driven efficiency gains. The Company promotes the transformation of workforce structure toward AI talent, with core talent aggregating within the Jiefanghao ecosystem, to build large-scale, standardized and intelligent Digital Lobster Factories, forming a replicable AI delivery foundation. Inefficient segments are streamlined orderly to achieve cost reduction, efficiency improvement and quality enhancement. The cornerstone business is transitioning from labor-intensive to AI-enabled high-margin operations, providing stable cash flow and AI talent support for the expansion of the two wings, and solidifying the foundation for long-term development.

2. AI HarmonyOS Business

2.1 *Strategic Positioning and Leading Advantage*

The AI HarmonyOS business constitutes the Physical AI component of the Company's "One Body, Two Wings" strategy. Its core positioning is to provide high-quality data for AI platforms and serve as the foundation for AI to enter the physical world. During the Reporting Period, with AI HarmonyOS as the engine, the Company leveraged the leading "1+1" advantage of Kaihong OS and Kaihong OS Meta to develop independently owned IP-based HarmonyOS intelligent terminals. In collaboration with domestic chips, the Company formed wholly-domestic solutions achieving unified device access, intelligent scheduling and cross-domain coordination, providing the most secure IT Application Innovation operating system. The Company established city partnership or chief engineer working group mechanisms in cities, deeply participating in smart city construction in regions including Xi'an, Shenzhen and Beijing. Through the establishment of city-level OpenHarmony root technology adaptation (certification) innovation centers and city-level IoT device management platforms, the Company completed certification for over 20 ecosystem products and built compliant product libraries for fields such as intelligent transportation. The Company developed proprietary AI+HarmonyOS intelligent terminal products and new paradigm solutions, integrated the capabilities of ecosystem partners, established strategic partnerships, and jointly advanced industry-wide HarmonyOS adoption and intelligent transformation under the new AI+HarmonyOS paradigm with ecosystem partners.

During the Reporting Period, the Company continued to deepen its expertise in HarmonyOS AI-native operating systems, collaborating with Shenzhen Kaihong Technology Co., Ltd. to establish technical benchmarks and build an ecosystem foundation. With Kaihong OS at its core, the Company developed the world's first OpenHarmony system meeting microsecond-level hard real-time requirements, tailored for high-precision industrial, aerospace and other application scenarios. The Company achieved three national-level certification breakthroughs in the security domain: the Lite OS-M operating system kernel obtained China's first CCRC EAL5+ security certification in the field of IoT operating systems; Kaihong OS became China's first and only OpenHarmony operating system distribution to pass the Ministry of Public Security's fourth-level security operating system certification; the Kaihong OS industrial real-time operating system kernel passed the testing and certification by the China Telecom Labs. In the OpenHarmony community, Chinasoft and Shenzhen Kaihong Technology Co., Ltd. contributed over 6.5 million lines of main repository code, holding 4 PMC member seats and 35 Committer seats, participating in 30 SIG groups, and with a cumulative total of 62 products having passed compatibility certification tests, all ranking first among contributors outside Huawei. It has been honored as the Platinum Donor of the OpenAtom Open Source Foundation, the Class A Donor of the OpenHarmony Project, and a recipient of the Hundred-Person Code Contribution Unit award.

2.2 Major Products and Services

Leveraging the leading "1+1" solution of Kaihong OS and Kaihong OS Meta as the foundation, the Company provides:

2.2.1 Hardware-Software Integrated Intelligent Terminal Products

During the Reporting Period, the Company continued to advance its independently owned IP-based hardware-software integrated intelligent terminal products, focusing on the demands of industry scenarios such as city management, policing, expressway, water affairs, and housing and construction, developing solutions based on HarmonyOS intelligent terminals. The Company actively promoted the large-scale implementation of "AI + HarmonyOS" technology across various industries, becoming a manufacturer and supplier of hardware-software integrated terminal products for AI + HarmonyOS.

Intelligent Perception Terminals: Core focus on urban security and transportation scenarios, covering terminal products such as intelligent cameras and radar-vision integrated devices. Among these, dedicated cameras for public security facilities incorporate AI features like voiceprint and facial recognition; cameras for transportation scenarios can perform traffic flow monitoring and violation detection, which have already been trialed and recognized in cities including Xi'an and Shenzhen, serving as the core sensing platforms for "Intelligent Terminals + AI".

Industry-Specific Terminals: Focusing on core industry needs, the Company launched terminal products including policing wearable devices, signal controllers, new PLCs, and NearLink drones. Policing wearable devices achieve seamless integration with public security systems; drones equipped with HarmonyOS are widely used in scenarios such as urban inspection and water monitoring, enabling precise aerial sensing and aiding industry intelligent upgrade.

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Swarm Intelligence Products: Leveraging Shenzhen Kaihong Technology Co., Ltd.'s M-Robots OS (the world's first distributed heterogeneous multi-robot collaborative robot operating system), the Company deployed products including quadruped robotic dogs and mobile robots, collaborating with Chongqing Research Institute of Harbin Institute of Technology and multiple manufacturers to promote large-scale implementation, enriching the deployment landscape of "Intelligent Terminals + Intelligent Agents".

HarmonyOS PCs and Supporting Products: Focusing on office scenarios, the Company launched HarmonyOS PCs equipped with Kaihong OS, paired with the Hongyun Virtual Machine 2.0, resolving compatibility issues for over 2000 Windows applications, winning awards at the HarmonyOS Office Summit, being selected for Huawei's Terminal Cloud Service Annual Pioneer List, expanding the coverage of HarmonyOS terminal categories.

2.2.2 City/Industry IoT Device Management Platform Development

During the Reporting Period, the Company comprehensively advanced the development and implementation of the Kaihong OS Meta device management platform, which models physical attributes of basic terminal devices to create super device models. This approach isolates hardware at the lower layer while supporting applications at the upper layer, forming a new application paradigm and establishing the platform as the future collector and operator of AI IoT data. The Kaihong OS Meta Super Device Management Platform collects high-quality IoT data to support AI, building comprehensive device management capabilities covering scenarios in urban management, industry, education and other fields, achieving a transition from "capability building" to "value realization". The Xi'an HarmonyOS IoT Device Management Demonstration Project achieved adaptation and access for 32 key types of transportation equipment, improved concurrent device management efficiency by 200%, and reduced cross-device response latency to within 50ms, providing solid support for the collaborative implementation of intelligent terminals and intelligent agents. By deeply integrating AI large model capabilities, the Company introduced the "Device Health Early Warning Engine", providing "Full-Lifecycle Device Management Solutions" for 20+ industrial enterprises, enabling remote monitoring and predictive maintenance of production line equipment, achieving a fault warning accuracy rate of 92% and helping customers reduce equipment failure rates by 35%. The platform also unified the management of 3,000+ educational terminals, enhancing classroom interaction efficiency by 35% when combined with AI-enabled teaching collaboration features. The Kaihong OS Meta Super Device Management Platform was selected as a typical case study in a white paper by the Ministry of Industry and Information Technology, becoming a benchmark in the field of domestic distributed device management.

2.2.3 City Ecosystem Integration Business

During the Reporting Period, the Company deepened its cultivation of the new “City Partnership” and “Chief Engineer Working Group” models, creating new paradigms for HarmonyOS smart city construction in core cities such as Xi’an, Shenzhen and Beijing. Through adaptation centers, scenario implementation and ecosystem aggregation, the Company achieved a “technology-product-market” closed loop, and replicated and promoted the new model to multiple cities, expanding scenario coverage and solidifying core advantages in city scenarios.

In Xi’an, acting as the Xi’an HarmonyOS Industry City Partner, the Company led the construction of the “Xi’an OpenHarmony Technology Adaptation (Certification) and Product Development Center”, building the “Xi’an Model” featuring “government-enterprise collaboration, technological empowerment, and ecosystem co-prosperity”, becoming a national benchmark for the construction of HarmonyOS Cities. In the field of smart transportation, the Company independently developed the “Lu Hong IoT Operating System”, completing HarmonyOS adaptation for 32 key transportation devices, with 16 passing authoritative certification, promoting device interconnectivity; in the public security field, it jointly developed intelligent agent applications, creating AI + HarmonyOS application templates; in the urban construction field, it promoted the application of the “Jian Hong” system to assist intelligent construction. During the Reporting Period, the Company drove over 20 manufacturers in Xi’an to achieve localized production, forming an industrial closed loop of “hardware + software + scenario”, creating a mature model for nationwide replication.

In Shenzhen, leveraging Shenzhen Kaihong Technology Co., Ltd.’s ecosystem resources, the Company promoted the implementation of the Kaihong Secure Digital Foundation, creating diversified demonstration projects such as smart parking lots and robot theaters; jointly with the government, it built the Science Residence HarmonyOS Smart Villa. The Company’s Shenzhen headquarters, Cloud Intelligent Building, was developed into a smart building with the “HarmonyOS integration rate” of 93%+, becoming the first building managed by AI intelligent agents, demonstrating the implementation effectiveness of “intelligent terminals + intelligent agents”.

In Beijing and other cities, the Company accelerated the replication and implementation of new paradigms, expanding scenario boundaries. It actively promoted HarmonyOS applications in scenarios such as transportation and public security, with projects entering pilot stages, leveraging location advantages to build a model for the northern region. In Suzhou, the Company focused on smart park and water affairs scenarios, actively promoting the construction of city IoT device management platforms.

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2.2.4 Key Industry Solutions and Ecosystem Integration

Expressway

During the Reporting Period, the Company collaborated with Shenzhen Kaihong Technology Co., Ltd. and Hebei Expressway to jointly create “Ji Hong”, the first full-element OpenHarmony benchmark in the expressway sector, completing the productization of the Ji Hong solution. This demonstrated Kaihong’s characteristics and value, facilitating the promotion and replication of the solution and the advancement of industry standards. The Company deepened the digital foundation capabilities of “Ji Hong”, strengthened the collaborative optimization of domestic operating systems and chips, improved the breadth of device access and the intelligence level of data processing, and built a safer and more efficient technical support system. The “Ji Hong” project won the “Mao Yisheng Science and Technology Grand Prize” and the OpenHarmony “Annual Value Commercial Case Award”, and was selected for the Transportation Industry Innovation Case Collection. Through continuous iteration and co-construction of the ecosystem, “Ji Hong” will continuously consolidate its demonstration value as a national OpenHarmony benchmark for expressways, leading the industry towards comprehensive intelligence.

During the Reporting Period, the Company launched strategic cooperation with Shandong Expressway Group to deeply integrate OpenHarmony technology into the expressway sector, dedicated to creating a full-scenario HarmonyOS-based smart expressway solution. The Company built a system with full HarmonyOS-based hardware-software integrated electromechanical equipment as the hardware foundation and the Kaihong operating system platform as the software core. It focused on HarmonyOS adaptation and integrated R&D for core expressway equipment, achieving device plug-and-play, intelligent collaboration, and efficient remote management. The Company and Shandong Expressway focused on jointly building an industry HarmonyOS ecosystem chain, jointly carrying out OpenHarmony system application development, industrial talent training, and test base construction. This promoted the sharing and replication of technological achievements within the industry, forming an expressway HarmonyOS ecosystem with integrated software and hardware and diversified application services, continuously leading the industry towards independent, controllable, green, and smart transformation.

Public Security Industry

During the Reporting Period, relying on “OpenHarmony + AI” technology, the Company focused on public security scenario needs, promoted the implementation of intelligent terminals and intelligent agents, and empowered the intelligentization of public security governance. With “intelligent terminals + intelligent agents” as the core, and deeply combining the actual needs of the public security industry, the Company integrated OpenHarmony technology and AI capabilities into scenarios such as police terminals, public security prevention and control, and case handling. It launched products such as HarmonyOS-based police terminals and intelligent prevention and control systems, linking with the Kaihong OS Meta IoT Device Management Platform to achieve police data interconnection. Through deep cooperation with units such as the Xi’an Public Security Bureau, the Company jointly developed over ten intelligent agent applications, incorporating data such as faces, vehicles, and police situations into ontology data. This achieved intelligent upgrades in alarm receiving and handling, creating a model for intelligent policing. The Company promoted products such as police wearable devices and intelligent perception terminals, achieving intelligentization and precision in security patrols and key area prevention and control. This assisted public security departments in improving law enforcement efficiency and governance levels, promoting the large-scale implementation of “OpenHarmony + AI” technology in the public security industry.

Water Resources and Water Affairs

During the Reporting Period, the Company continued to deeply cultivate “HarmonyOS + AI” technology, focusing on diversified water resources and water affairs application scenarios such as irrigation districts, reservoirs, rivers and lakes, and urban water affairs. It fully advanced the market expansion and scenario implementation of “HarmonyOS + Water Resources and Water Affairs” integrated solutions. Relying on the OpenHarmony operating system and AI large models, the Company launched HarmonyOS intelligent connectivity water resources and water affairs intelligent terminals, achieving efficient full-domain interconnection of water resources and water affairs sensing equipment. It created a water resources and water affairs specific AI platform to fully release the digital productivity of the industry. The Company built an “end-edge-cloud-application” full-chain water conservancy product and solution system, comprehensively covering the entire process of data collection, edge computing, cloud decision-making and business applications. “HarmonyOS + AI” products were successfully applied in scenarios such as water volume scheduling in irrigation districts, reservoir safety supervision, urban water supply management, and river and lake ecological health assessment. Through precise optimization of water resource allocation, intelligent investigation of reservoir security issues, and dynamic monitoring of hydrological changes in rivers and lakes, the products met the needs of diverse water resources and water affairs scenarios, heterogeneous equipment, and complex scheduling conditions. The Company’s smart water resources and water affairs products and solutions were successfully implemented in provinces and cities including Guangdong, Sichuan, Anhui, and Henan. The new quality productive forces in the water conservancy industry built with “HarmonyOS + AI” provided solid technical support and practical assurance for the modernization of the water resources and water affairs governance system and governance capabilities, supporting the high-quality development of the industry.

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2.3 Ecosystem Construction – Adaptation and Innovation Center Construction

During the Reporting Period, the Company utilized the OpenHarmony Adaptation and Innovation Center as the core ecosystem carrier, undertaking functions including technical adaptation, product certification, and ecosystem aggregation, providing technical support and a HarmonyOS entry point for the City Partnership model and industry expansion. By connecting upstream and downstream enterprises, the Company opened up the full chain from technical adaptation and product R&D to market application, enabling adapted innovative products to quickly enter the city procurement system, achieving the closed-loop implementation of “Technology – Product – Market”. Meanwhile, through technical support, cooperative R&D, and other means, it empowered local SMEs, assisting them in integrating into the HarmonyOS ecosystem. It cultivated a batch of featured products with core competitiveness, forming a virtuous cycle of “scenarios driving technology, technology driving industry, and industry strengthening the ecosystem”.

During the Reporting Period, the Company constructed an OpenHarmony Adaptation Center in Xi’an. Serving as a core hub for technical certification, it completed adaptation for 32 transportation devices across 9 categories, with 16 passing certification and 25 entering the first batch of Xi’an’s recommended catalog, becoming an important platform for industrial chain resource integration. Shenzhen Kaihong Technology Co., Ltd. collaborated with Pujiang and the OpenAtom Open Source Foundation to create the OpenHarmony East China Innovation Center Digital Economy Laboratory. It has incubated 6 categories of standardized products and attracted 10 ecosystem enterprises to establish operations, forming a full industry chain cluster covering design, manufacturing, development, and integration. Meanwhile, jointly with Pujiang, it built the OpenHarmony (Jinhua) Application Innovation Demonstration Center, creating a highland for the county-level OpenHarmony industry.

2.4 Southbound HarmonyOS Ecosystem Construction – Chip Manufacturer Cooperation

During the Reporting Period, the Company actively built a deep strategic cooperation and collaborative alliance between domestic operating systems and domestic chips. Focusing on RISC-V and ARM architectures, it collaborated deeply with mainstream domestic ecosystem manufacturers to complete deep adaptation of underlying architectures. The Company joined hands with Shenzhen Kaihong Technology Co., Ltd. and partners such as Loongson Technology and ESWIN Computing to create the full-link autonomous “Longhong System” with “OpenHarmony + LoongArch” as the core, and a dual open-source autonomous ecosystem with “OpenHarmony + RISC-V” as the core. It built a collaborative ecosystem for domestic operating systems and domestic intelligent computing chips, constructed an integrated AI intelligent terminal comprehensive solution covering “end-edge-cloud-application”, becoming the core “connector” for HarmonyOS southbound device access, and providing hardware support for category product R&D.

2.5 Northbound HarmonyOS Ecosystem Construction

During the Reporting Period, the Company focused on the large-scale implementation and value mining of HarmonyOS native applications and meta-services. It successfully supported over 1,200 applications in completing HarmonyOS-based R&D and delivery, and cumulatively assisted in listing over 7,500 meta-services, continuously enriching the ecosystem. Addressing key challenges in the HarmonyOS ecosystem, the Company launched the “HarmonyOS Software Factory”, adopting AI Coding technology to improve development efficiency and completing the development of over 100 applications. The independently developed “Hongyun Virtual Machine” version 2.0, equipped with the HarmonyOS 5.0 system, successfully resolved compatibility issues for over 2,000 Windows applications on HarmonyOS PCs, assisting a vast number of applications in continuous adaptation and listing on the app store. The “Hongyun Virtual Machine” completed verification for all 12 core development scenarios and was selected as one of the first batch of “Top Ten Partners of the HarmonyOS PC Experimental Bureau”, paving the way for the government and enterprise market. In terms of meta-services, the benchmark meta-services deeply refined by the Company in collaboration with Huawei Cloud and local culture and tourism bureaus achieved significant results. Among them, the “Happy Weihai” project performed exceptionally well after its launch in May, achieving a cumulative user growth of 280% and a monthly active user growth of 189%. In July, Weihai was widely regarded by the industry as the first “HarmonyOS Cultural and Tourism Ecological City” in China, fully validating the huge potential of the “direct-to-consumer meta-services” business model. The cooperation model upgraded from a single application to a city-level digital ecosystem strategy. The Weihai model has been rapidly replicated to over 13 provincial and municipal projects nationwide, including Zhejiang’s “You Zhe Li”. The aforementioned benchmark cases were highlighted as industry models at the 2025 Huawei Developer Conference (HDC), underscoring the Company’s leading ecological position in the field of HarmonyOS meta-services.

3. AI ERP Business

AI-native ERP constitutes the Digital AI component of the Company’s One Body, Two Wings strategy, with its core being to secure the core entry point for enterprise Agentic AI. Through five years of continuous strategic investment, strategic investment in Shuopan Intelligent, and the establishment of the R/7 Business Group, the Company has built a complete technology stack ranging from the underlying “ontology” semantic layer to the upper-layer AI-native applications, completing the core foundation ranging from ecosystem integration to independent product R&D. The Company created the allmeta product, providing platform support for the paradigm revolution of enterprises transforming from “Systems of Record” to “Intelligent Business Operating Systems (EOS)”. Meanwhile, the five capability centers established ensured end-to-end delivery capabilities for large-scale complex projects, promoting the realization of independent and controllable operations and intelligent surpassing in the core operating systems of central state-owned enterprises. Looking ahead, the Company is committed to becoming an architect and integrator of enterprise Agentic AI, transforming the traditional “product + service” business model into a “platform + token” business model.

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3.1 *Building the AI-Native Paradigm-Innovating Enterprise Intelligent Business Operating System (EOS) allmeta*

During the Reporting Period, based on Huawei's full-stack autonomous and controllable technology foundation, the Company built the "New Generation Enterprise Core Intelligent EOS", aiming to become the unified intelligent core for enterprise digital transformation. It horizontally connects "People, Finance, Materials, and Projects", and vertically links "Business Execution and AI Intelligence", providing enterprises with full-stack capabilities ranging from stable transaction processing to agile intelligent innovation.

Core Business Engine: Adopts a "Metadata Multi-Tenant Architecture" and "Cloud-Native" design to create a future-oriented ERP intelligent platform for enterprise core operations. It covers full value chain core business processes such as Human Resources, Transaction Accounting, Procure-to-Pay, Order-to-Cash, Project-to-Finance, Budget-to-Control, and Accounting-to-Reporting, ensuring all business transactions are accurate, consistent, and auditable.

AI Enablement Engine: Constructs a "Business Intelligent Ontology" to structure knowledge rules and constrain large models from the source, ensuring reliable AI decision-making. It has a built-in "Prediction and Automation" engine that turns intelligent capabilities into services for business invocation at any time, driving process upgrades. It provides tools such as "Wenzhi, Wenshu" (ask intelligence, ask data) and "Intelligent Generation" that are ready to use out-of-the-box, significantly lowering the application threshold of intelligent technology. It encapsulates Agents such as "Finance, Recruitment, Procurement", which act like digital employees, deeply engaging in business to achieve efficient human-machine collaboration.

Industry Operation Engine: Built-in industry best practice templates accelerate project implementation and value realization. It provides deep industry-specific suites such as power industry equipment management, Sales and Operations Planning, and fuel cost management, achieving rapid adaptation of business formats. AI agents enable on-demand deployment of industry-specific intelligent ontology services such as "Smart Audit", "Smart Recruitment", and "Smart Expense Control".

During the Reporting Period, the Company fully advanced the R&D of the enterprise intelligent business operating system allmeta. allmeta possesses strategic uniqueness and is the essence of "Autonomous Operation". With AI as the core design principle, it achieves digital twinning of physical world business through the deep integration of cognitive frameworks and execution nerves. The core objective is to significantly reduce "Insight-to-Action Latency". allmeta's product system includes allmeta Ecore, allmeta Ontology, and allmeta Agentic. Through the three-layer system of "Foundation – Cognition – Execution", it achieves a closed loop where data nourishes the ontology, the ontology drives actions, and actions feed back into data, endowing enterprises with self-evolution capabilities like living organisms and building core competitiveness for enterprises.



allmeta ECore (Data Foundation): A Stable and Trustworthy Power Source. ECore is the data starting point of the entire system. It fully carries the business-finance integration functions of traditional ERP, but its core breakthrough lies in the metadata open architecture. As the unified entry point for enterprise operational data, it provides high-quality, standardized, and semantic-ready data supply to the upper layers. This foundation serves as the solid base for the edifice of intelligence.

allmeta Ontology (Cognitive Hub): Actionable Business Ontology. This is the soul of allmeta. It models entity relationships through “Objects” and defines operational logic through “Actions”, forming an “Actionable Ontology”. Each Action has built-in pre-conditions, business rules, permission constraints, and side-effect definitions. Intelligent agents can directly invoke Actions to execute business without requiring an additional process orchestration layer, bridging the gap between “data analysis” and “frontline operations”, and becoming the “Action Map” for Agentic capabilities.

allmeta Agentic (Execution Network): Instantly Triggered Business Kinetic Energy. Intelligent agents grow directly upon the Ontology, forming a bidirectional connection of perception and execution with the Ontology, creating a closed feedback loop. In the scenario of supply chain dynamic scheduling, an Agent perceives a status anomaly of an “Inventory Object (Object)” and, based on the “Scheduling Rules (Action)” preset in the Ontology and their constraints, autonomously triggers replenishment or transfer. The execution results are written back to the Ontology in real-time, updating the object status. Through the “Perception-Decision-Execution-Feedback” closed loop, decision-making latency is eliminated.

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3.2 *Establishment of R/7 Business Group, Focusing on Central State-Owned Enterprises in Energy, Power, and Financial Industries*

During the Reporting Period, the Company established the R/7 Business Group, focusing on strategic central state-owned enterprise clients and deeply cultivating key industries such as energy and power, and finance. It aimed to create AI-native ERP products, providing customers with specialized intelligence-driven solutions and end-to-end services. The strategic core of the R/7 Business Group is to build an AI-native ERP that transcends traditional concepts and establish a leading advantage in core tracks such as energy and power, and finance. The “Yangfan R/7 Power Industry Enterprise Core Operation System Solution” created by the Company has been officially listed on the Huawei Cloud Marketplace. Based on the Company’s profound industry accumulation, this solution deeply integrates the enterprise core operation system practices of a large corporation, extracting best practices in the power industry. Relying on Huawei’s full-stack autonomous and controllable cloud platform, it builds a one-stop localization substitution solution covering consulting implementation services, industry solution plug-ins, and system migration tools. It provides full-cycle services from planning, design, and implementation to training and operation & maintenance, helping power enterprises achieve smooth and efficient digital transformation.

3.3 *Strategic Investment in Shuopan Intelligent, Jointly Developing Next-Generation AI-Native ERP*

During the Reporting Period, the Company completed a strategic investment in Shuopan Intelligent to jointly develop the next-generation Enterprise Intelligent Management Operating System (EIMOS), driving the evolution of ERP systems towards an AI-native paradigm. Relying on its independently developed 4A identical architecture, Shuopan Intelligent has built a complete tool system covering digital planning, unified semantic layer, application development, and data fusion. This strategic cooperation will deeply integrate the Company’s end-to-end service capabilities with Shuopan Intelligent’s underlying platform technology, achieving complementary advantages and synergistic efforts.

During the Reporting Period, the Company launched the R1-EIMOS Enterprise Digital and Intelligent Transformation Support Platform. This platform is the core implementation result of the jointly developed enterprise intelligent management operating system and a key enabling hub for the Company’s full-stack full-scenario AI products. With the R1-ADP Agent built on Huawei’s intelligent computing infrastructure and underlying platform as the foundation, it creates four core capabilities: data activation, knowledge reconstruction, agent orchestration, and integration empowerment. It pioneers a business model + data model dual-drive architecture, providing enterprises with integrated modeling services for large-scale complex business scenarios and connecting the full chain from enterprise strategic design to implementation execution. The platform has been widely applied in discrete manufacturing, new energy, power grids, central state-owned enterprises, bio-engineering, and various segmented industries. It has been successfully implemented in multiple industry clients, effectively empowering enterprises to accelerate the digital transformation process and improve operational efficiency.

3.4 AI-Native ERP Consulting Implementation and Digital Transformation Services

During the Reporting Period, the Company actively seized the opportunities in AI large model digital transformation for central state-owned enterprises. It created a localized industry edition of the enterprise core operation system for the energy and power industry. By integrating implementation experience through the Agentic CDM intelligent delivery system, the Company established four capability centers: consulting, implementation, operation & maintenance, and project management. It deeply participated in the preliminary research for digital transformation of premier central state-owned enterprise clients, providing industry customers with full lifecycle services from strategic planning to system landing, assisting clients in efficiently advancing localization substitution.

3.5 Energy and Power Industry Expansion

During the Reporting Period, based on the 4A architecture AI-native digital transformation platform, the Company undertook the Unified Development Framework project for a nuclear power central enterprise, supporting localization migration substitution. It focused on the R&D and iteration of core functions such as low-latency distributed transaction processing, dynamic permission models, and refined reporting, providing support for the localization migration substitution of the client's production and operation systems, and achieving enhanced integration with peripheral systems. Through the completion of full-process development, testing, and verification, the project effectively supported the autonomous controllability and smooth evolution of the client's core systems.

During the Reporting Period, the Company was fully responsible for the promotion and implementation of the "Hezhishu" (Nuclear Intelligent Hub) system for a nuclear power state-owned enterprise at the group headquarters and dozens of member units. Relying on standardized product packages and the "Four-Phase Five-Review" methodology, it promoted the system's rollout at all levels with high quality, effectively implemented the group's unified management and control requirements. This assisted the client in achieving business process standardization and integrated data governance, successfully creating a benchmark for vertical financial centralized management and control in the nuclear industry, and achieving the governance goals of "visible operations, controllable risks, and transparent supervision".

During the Reporting Period, the Company deeply participated in the construction of PetroChina's Grand Centralized ERP project and was rated as an Excellent Partner. The Company undertook the centralized procurement project of Sinochem Information Technology Co., Ltd., covering key tender packages such as consulting services, ERP implementation, and operation & maintenance. It provided the client with digital consulting in the chemical field, cloud planning, and IT Application Innovation application construction, assisting in the efficient application and continuous optimization of the client's ERP system, and providing solid capability assurance for the long-term implementation and stable operation of the project.

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During the Reporting Period, in the two major directions of Intelligent Distribution System (IDS) and Power AI, the Company deeply bound itself with Huawei to jointly expand the power market, achieving comprehensive improvement in business layout, customer cooperation, ecosystem construction, and brand influence. In the IDS business area, it had built a diversified solution system covering distribution IoT, distributed management and control of photovoltaic clusters, and smart microgrids. It successfully conducted business exchanges with overseas clients in Sri Lanka, Saudi Arabia, and other countries. Projects such as the Hongkong Electric series, South Africa consulting, and smart microgrids were advancing in an orderly manner. Simultaneously, it cooperated with Huawei to complete the development of meter reading apps related to overseas baseline solutions, with subsequent cooperation plans under negotiation. It successfully introduced 8 partners including Qingdao Topscmm, building a solid ecosystem support for project delivery. In the Power AI business, it created core solutions covering multiple fields such as renewable energy power prediction, hydropower inflow prediction, and intelligent inspection of renewable energy stations, precisely matching core business needs in the renewable energy sector. It conducted deep business exchanges with leading enterprises such as CHN Energy and Shandong Electric Power Company, and introduced 12 close partners such as JiuTian Meteorology, consolidating delivery capabilities.

The Company continued to deepen cooperation with Huawei, achieving efficient business synchronization through high-level alignment meetings with Huawei's Electric Power Corps and Power Generation Corps. It was invited to participate in industry meetings such as the Huawei HC Conference (Shanghai), the Singapore Overseas IDS Exhibition, and the Power Generation Corps Insight Business Seminar, strengthening the business tie between the two parties. Regarding the Zangbo Corps specially established by Huawei for the Yajiang Group, the Company had formed a "Project 502" project team for deep docking, fully participating in relevant business advancement. Relying on the Sci-Tech Innovation Center, the Company carried out brand building and market expansion, giving special presentations on the Company's practices and cases in power business scenarios to various client groups such as CHN Energy, China Huadian Corporation, State Grid Electric Power Engineering Research Institute, the Taiwan Energy Federation, and US energy delegations, continuously enhancing industry influence.

4. AI Industry Cloud and AI Platform and Services

4.1 Cloud + Computing Power

This year marks the eighth anniversary of the Company signing the Same Boat, Same Journey strategic cooperation agreement with Huawei Cloud. The Company maintains strong competitiveness in the Huawei Cloud business field, with its business scale continuing to lead the overall performance of the Huawei Cloud ecosystem. As a Cloud Transformation Service Provider (CTSP), the Company retained the number one market share in Huawei Cloud, holding leading positions in public cloud performance, HarmonyOS, and Ascend-compatible model services.

4.1.1 Intelligent Cloud Business

During the Reporting Period, the Company maintained close cooperation with Huawei Cloud under the Same Boat, Same Journey initiative, maintaining strong competitiveness in the Huawei Cloud business field, with public cloud performance continuing to occupy a leading position. The Company simultaneously holds multiple roles, including sales partner, digital transformation consulting and system integration partner, software partner, and service partner. In multiple key regions, it practices the ecological cooperation goal of “capability symbiosis and commercial win-win” with Huawei Cloud, working together to build an open and innovative AI ecosystem, deeply exploring customer industry application scenarios, and building a business value cycle from capability to return. The Company was awarded the “Pilot General Distributor” and “Excellent SI Partner awards” at the Huawei Cloud Ecosystem Conference, and the “Gathering Strength for Win-win Growth Award” at the Huawei Connect Conference. In key Huawei regions, it won awards such as “Yunxiao Pavilion Elite Partner”, “Huawei Cloud Pillar Award”, “Excellent Solution Partner”, “Excellent Service Partner”, “Innovation Leap Award”, and “Best Ecosystem Cooperation Award”.

4.1.2 Ascend Cloud Services

During the Reporting Period, as one of the first partners for Huawei Cloud’s integration business, the Company continued to deepen comprehensive cooperation with Huawei in cloud, Ascend, and other fields. Focusing on high-value customer needs and using AI as the entry point, the Company collaborated to build industry-specific full-stack full-scenario AI products, solutions, and service systems, continuously building deep industry expansion capabilities. Centering on key products and solutions such as Huawei Ascend AI Cloud Services, the Company joined forces with Huawei Cloud to drive new high-value customers and high-level product operations. Relying on differentiated professional capabilities, it achieved a value upgrade from basic cloud sales to full-cycle cloud professional services, continuously empowering customers to go cloud, use cloud, and achieve business growth.

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In the manufacturing sector, the Company expanded the Xintai Group CloudPond project. Relying on the Ascend AI infrastructure software and hardware platform and cloud capabilities, it assisted the client in achieving streamlined production processes, intelligent quality inspection, and efficient supply chain management. In the education sector, it assisted Beijing Institute of Technology (Zhuhai Campus) in launching scientific research and teaching innovation based on the Huawei Cloud Ascend AI Cloud Service DeepSeek full version large model. In the logistics sector, it assisted Fujian Zhijian Zhiyi Information Technology Co., Ltd. in building the first logistics large model based on the Huawei Cloud Ascend AI Cloud Service DeepSeek full version. In the media sector, it assisted a newspaper agency in Yunnan to provide local Huawei Cloud native services through CloudPond, helping users achieve local elastic and agile deployment of AI business applications. Meanwhile, the Company jointly established the “Zhejiang AI Pioneer Plan Service Group” with Huawei Cloud. By providing customers with free Ascend Cloud Tokens resources and consulting services, it empowered Zhejiang enterprises, accelerating the transformation of AI applications into enterprise productivity.

4.1.3 AI Industry Cloud

During the Reporting Period, by building a full-stack technical system and full-scenario service capabilities covering end, edge, cloud to AI industry applications, and taking AI as the core driver, the Company accurately targeted high-value customer scenarios, providing customers with highly competitive “AI Industry Cloud” solutions, and empowering digital upgrades and business innovation across various industries. In the transportation sector, the Company jointly constructed the “Bus Driving Behavior AI Analysis Platform” project with Chengdu Public Transport Group. By building an efficient, safe, and intelligent AI system, it promoted the comprehensive intelligent upgrade of driving behavior supervision. In the retail sector, the Company signed the Moutai “i Moutai” HarmonyOS adaptation project, significantly improving the client’s operational efficiency, and exploring a new HarmonyOS-based AI interaction model for the smart retail industry. In the pharmaceutical sector, the Company provided a high cost-performance AI cloud service solution for a large pharmaceutical group. Through elastic computing power and intelligent algorithms, it supported its e-commerce platform to achieve precision operations and cost optimization, promoting high-quality growth of the enterprise’s internet business.

4.1.4 *Computing Power Operations*

During the Reporting Period, with “technology-driven and industry empowerment” as the core, the Company continuously optimized its service system and strengthened ecosystem collaboration, forming a comprehensive computing power operation management system. It provided customers with one-stop AI service operations including computing power resource leasing, model training, data engineering, and scenario application development. The Company successfully signed a three-year operation project for the Wuhan Cybersecurity Base Intelligent Computing Center and the operation project for the Xianyang High-tech Artificial Intelligence Intelligent Computing Center, providing customers with high-continuity and high-availability computing power guarantees, promoting the large-scale implementation of AI technology in industries, and deepening digital and intelligent transformation.

4.1.5 *Sci-Tech Innovation Center*

During the Reporting Period, the construction of the Company’s Digital Power Sci-Tech Innovation Center achieved significant progress, and the foundation of computing power resources was further consolidated. It continuously focused on core customer needs, providing high-quality AI project POC verification services, laying a solid technical foundation for customers to efficiently verify innovative solutions. In the field of large model technology application, the Sci-Tech Innovation Center closely followed the forefront trends of industry development. Throughout the year, it successfully deployed and stably enabled 21 mainstream large models, including vector models (bge-m3, Qwen3-Embedding), ranking models (Qwen3-Ranker), large language models (DeepSeek-V3-0324, DeepSeek-R1-0528, Qwen3-235B, Qwen3-Coder-480B, glm4-9b-chat, Llama-3.1-8B-Instruct), and audio-video models (PaddleOCR, FireRedASR), achieving significant improvements in the response speed, inference efficiency, and comprehensive processing capabilities of model services. The Sci-Tech Innovation Center completed the deeply optimized deployment of the SiliconFlow inference framework and Huawei’s large-scale Expert Parallelism solution, significantly unlocking model performance through multiple rounds of technical tuning, providing customers with efficient, stable, and reliable full-process support for AI innovation. It participated in the delivery of multiple high-value external POC projects, such as the Gas Turbine Large Model “Qingrui” and grassroots government intelligent applications. Through scenario-based verification and technical empowerment, it assisted customers in achieving AI-driven innovation breakthroughs. The Sci-Tech Innovation Center cumulatively received nearly 200 customer visits and exchange sessions. Through methods such as centralized display of innovative achievements, customized technical empowerment, and scenario-based POC verification, it deeply participated in the entire process of digital and intelligent transformation for both the Company and its customers.

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4.2 AI Platform and Services

4.2.1 R1-AgentDIM Platform – Intelligent Agent Construction, Integration and Operation Platform

During the Reporting Period, centering on the demand for large-scale implementation of intelligent agents, the Company comprehensively upgraded the platform's capabilities in data enhancement, semantic knowledge and business fusion, and intelligent agent construction and operation. It fine-tuned the self-developed NL2SQL large model, optimized semantic recall strategies, and introduced metric construction applications, effectively unifying professional terminology, semantic ambiguity, and metric caliber differences in multi-source data environments. The accuracy rate for single-table complex queries stabilized above 95%, and the accuracy rate for multi-table data positioning increased from 70% to 95%+, maintaining an industry-leading level. It enhanced complex document parsing, adaptive dynamic slicing strategies, and multi-path fusion retrieval capabilities, efficiently mapping client complex documents and business knowledge to real business processes, significantly improving the Q&A accuracy and business execution efficiency of intelligent agents. It also built an exclusive knowledge traceability system, making Q&A results verifiable, traceable, and auditable, meeting the compliance requirements of high-demand business scenarios. It introduced a lightweight trusted ontology model, relying on generative semantic weaving and knowledge graph technology to dynamically build a semantic network deeply coupled with enterprise objects, business metrics, and process rules, providing intelligent agents with an accurate and consistent understanding foundation, meeting the low error-tolerance requirements of serious enterprise scenarios. It launched natural language workflow generation capabilities, shortening the average development cycle by over 60%; connected to 50+ MCP services, building a reusable and scalable intelligent agent capability ecosystem, significantly improving large-scale delivery efficiency. It iteratively upgraded the multi-agent collaboration framework and the Agentic Ops intelligent operation mechanism. Through decentralized collaboration and autonomous responsibility determination, intelligent agents can dynamically decide on intervention based on task characteristics, achieving flexible and efficient collaborative scheduling. This solved key issues in complex business scenarios such as limited single Agent capabilities, difficulties in multi-task collaboration, and complex operation and maintenance management. Currently, the Company's intelligent agent construction, integration, and operation platform has been implemented in high-complexity industries such as energy, healthcare, manufacturing, and auditing. It supports the stable operation of 300+ intelligent agent applications, covering core scenarios such as data insight, business efficiency improvement, emergency management, and compliance control, fully verifying the Company's stable delivery capability and business value creation potential in real enterprise environments.

4.2.2 Model Factory 2.0 Services

During the Reporting Period, “Model Factory 2.0” officially evolved into a full-stack AI professional service production line integrating “data, models, intelligent agents, and deployment” into one entity. Supported by Ascend computing power and DeepSeek technology, it built self-developed controllable capabilities for full-service scenarios, ranging from basic operator development, model migration, and training to high-level intelligent agent development. Through technology accumulation and consolidation, it established the core foundation supporting the AI service architecture, ensuring a full closed loop from raw data to terminal deployment. This includes R1-TIP (Training and Inference Platform) providing model training with efficient inference capabilities; R1-DMP (Data Management Platform) strengthening domain dataset governance and refined management; and R1-AAIOMP (Intelligent Agent Development and Integration Platform) assisting enterprises in building large model application development models. Through deep cooperation with Huawei Ascend root technology, Model Factory 2.0 has completed Ascend chip and CANN architecture optimization for over 50 key customers, driving an average increase of 15% in AI inference efficiency.

Model Factory 2.0 has passed Huawei Cloud AI Service and Ascend Cloud Service capability certifications. Relying on the CTSP framework, it has formed an AI solution matrix covering automotive, healthcare, government affairs, and industrial quality inspection. Model Factory 2.0 has collaborated with Huawei on over 50 projects in the large model field. In the steel manufacturing and energy sectors, it completed the first CV and prediction implementation scenarios of the Pangu Large Model in the industrial field. Based on the delivery of the first 4 scenarios, it successfully expanded over 50 opportunity points. The “showcase” experience formed has been replicated across industries to the energy sector, assisting in mining the value of existing customers. In the intelligent automotive field, it created 6 core intelligent agents for cockpit, connectivity, and diagnosis scenarios. The test design assistant helped improve connectivity coding efficiency by 20%, and cockpit dataset generation efficiency increased by 30%. In the pharmaceutical manufacturing and medical service fields, the medical testing intelligent agent used NLP technology to compress report generation and auditing to the minute level, with an accuracy rate reaching 95%. The pharmaceutical research accelerator, based on domestic large models and the R1-DMP platform, achieved automation of clinical data processing and molecular design, improving R&D cycle efficiency by 30% and saving R&D investment by 20%.

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4.2.3 Smart Finance

The Company continued to deepen strategic cooperation with various types of financial clients, including large state-owned banks, joint-stock commercial banks, rural commercial banks, insurance institutions, and foreign banks. Focusing on six core directions – financial artificial intelligence scenario services, AIGC-driven business model innovation, big data platform construction, heterogeneous computing power fusion scheduling, domestic IT Application Innovation, and intelligent operation and maintenance (AIOps) capability construction, the Company systematically promoted the full-chain and deep-level digital and intelligent transformation and upgrading of financial institutions.

During the Reporting Period, the Company actively responded to the AI transformation trend in the financial industry. Centering on the “Computing Power – AI Platform – Application” three-layer enterprise-level AI architecture, it built full-stack technical and service capabilities. At the computing power level, relying on heterogeneous computing power fusion and cloud-native architecture, the Company provided full-stack services from computing power integration, scheduling optimization to elastic expansion, consolidating a robust foundation for enterprise AI operations. At the AI platform level, through building and optimizing AI development platforms, data middle platforms, and knowledge base systems, it provided customers with capabilities such as model training, inference acceleration, data governance, and platform customized development, assisting them in realizing the accumulation and management of AI assets. At the application level, the Company deeply cultivated financial business scenarios, creating a solution matrix covering diversified scenarios such as credit, risk control, marketing, and wealth management, and promoting large-scale implementation.

During the Reporting Period, the Company achieved AI business coverage across multiple types of financial institutions, landing multiple AI benchmark projects in large state-owned banks, national joint-stock commercial banks, rural commercial banks, and insurance institutions. Among them, for a national joint-stock commercial bank, the Company completed a full-stack AI project ranging from bank-wide computing power integration deployment, AI model platform products and customized development, to data lakehouse migration and knowledge base system construction, achieving integrated delivery of “Computing Power-Platform-Application”. In addition, the Company achieved business breakthroughs in AI frameworks for rural commercial banks and provincial credit unions (provincial rural credit union associations), and promoted the implementation of multi-scenario AI applications in the insurance industry, further consolidating the Company’s comprehensive capabilities and industry influence in full-stack financial AI services.

4.2.4 *Smart Audit*

During the Reporting Period, the Company constructed a complete audit corpus governance system and intelligent scenario solutions, achieving significant progress in the R&D and application of audit large models. It successfully won bids for audit large model construction projects for the Shanghai Audit Office and the Shandong Provincial Audit Department. The project implementation covered key application scenarios such as intelligent review of audit documents, intelligent generation of audit instruments, data analysis, and clue mining, forming replicable and promotable practice cases for government audit large models. The National Audit Office gave high praise, stating that the Company “understood and grasped the work ideas and deployment requirements in place, implemented them effectively, and achieved positive results in various tasks”. The Company completed the intelligent upgrade of the integrated audit rectification platform, assisting government and enterprise clients in solidly carrying out the “follow-up work” of audits. It successfully won bids for audit rectification-related projects in multiple provinces including Guangdong, Zhejiang, Hunan, Ningxia, Qinghai, and Heilongjiang. The Company focused on building penetrating audit and intelligent early warning monitoring capabilities, fully advancing the upgrade of the digital and intelligent audit platform, and continuously providing high-quality digital and intelligent audit solutions and services for numerous enterprises including CNOOC, CNPC, China Huaneng, Hua Xia Bank, Bank of Nanjing, AIA Life, Beijing Electronics Holding, and BOE.

4.2.5 *Smart Manufacturing*

During the Reporting Period, the Company deeply deployed in the AI + Manufacturing field. Relying on the R1-AgentDIM Platform, it systematically built full-link production-level intelligent solutions covering R&D, production, supply chain, sales, and after-sales, comprehensively promoting quality improvement, efficiency enhancement, and collaborative optimization for client businesses. In the R&D and design stage, the Company launched the Material Master Agent, providing customers with intelligent material selection and automatic interpretation of design specifications, supporting automatic BOM generation and intelligent review, shortening the selection process and increasing the first-time pass rate. In the production operation stage, the Production Supervisor Agent connected data from MES, ERP, PLM and other systems, realizing production site visualization and semantic retrieval analysis, supporting managers in real-time decision-making. In the supply chain and sales stage, it built the Data Steward Agent and Smart Consultant Agent, targeting supply chain collaborative optimization and sales intelligent decision-making respectively, strengthening capabilities in demand forecasting, inventory optimization, customer insight, and business opportunity conversion. In the after-sales service stage, the After-sales Master Agent digitized expert knowledge, providing rapid response for fault diagnosis, operation guidance, and maintenance resource scheduling.

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During the Reporting Period, the Company continued to deepen strategic cooperation with Huawei. Relying on the Huawei Versatile platform, it advanced the implementation of the Wen Series intelligent agent products, providing customers with end-to-end intelligent business support and decision empowerment across R&D, production, supply, sales, and service stages. It completed the delivery of 80+ intelligent agent solutions, covering 120+ industry customers, providing high ROI value for complex enterprise business scenarios. The Company will continue to optimize intelligent agent capabilities and business integration paths, promoting manufacturing clients to achieve digital and intelligent transformation and the development of new quality productive forces.

4.2.6 Smart Medical Insurance/Social Security

During the Reporting Period, the Company made significant progress in the field of medical insurance. Its customer base extended from the National Healthcare Security Administration to medical insurance units at provincial, city, and district/county levels, successfully entering core scenarios of multiple hospitals, forming a complete business layout from the regulatory end to the service end. The Company created a new generation hospital-side “Medical Insurance AI Risk Control All-in-One Machine”, focusing on internal fund supervision in hospitals. Combining large model intelligent agent technology, it built an AI medical insurance compliance solution, innovated the concurrent risk control model, and optimized capabilities for pre-event interception and post-event traceability throughout the process, achieving medical insurance violation risk alerts within less than 24 hours and a medical insurance rejection rate of less than 0.1%. The deployment of all-in-one machine equipment at the hospital end was completed as planned. Relying on professional capabilities, the medical insurance supervision team accurately identified key issues, and their work results received high recognition from customers, cumulatively receiving over 10 commendation letters. This promoted customers to proactively initiate multiple high-value cooperation projects, further consolidating the Company’s leading position in the field of medical insurance supervision and laying a solid foundation for subsequent market expansion.

In the field of social security fund management, the Company continued to leverage its industry-leading advantages, successfully winning bids for social security fund supervision service projects in Shanghai, Anhui Province, Sichuan Province, Tibet Autonomous Region, Xinjiang Production and Construction Corps, and other locations. Currently, it covers the daily social security fund supervision work of 20+ provincial-level human resources and social security departments nationwide, completing system localization upgrades and renovations for 7 of these provinces. Entrusted by the Ministry of Human Resources and Social Security, the Company led the compilation of the “Research Topic Report on Design and Implementation Path of Smart Supervision Model for Social Security Funds”, deeply participating in the top-level design of the national social security fund intelligent supervision, laying a solid foundation for building a smart supervision technology system covering the whole country.

In the field of public employment services, the Company successfully built the “Digital and Intelligent Human Resources and Social Security Integrated Platform” in Changping District of Beijing. With “One Station, Dual Engines, Four Drives” as the core architecture, it built a full-stack digital and intelligent solution, effectively improving the operational efficiency of public employment services, helping this field achieve comprehensive digital and intelligent transformation, and consolidating the Company’s leading position in the field of human resources and social security digital services.

4.3 Euler & Gauss Ecosystem Business

During the Reporting Period, relying on the openEuler open source technology, the Company successfully built and launched a secure and reliable operating system product system. It was widely applied in high-value fields such as industrial control, robotics, intelligent vehicles, aerospace, and healthcare, fully supporting diverse scenario demands for end-edge-cloud integration. The Company continued to deepen collaboration with the OpenAtom Open Source Foundation, committed to providing industry customers and ecosystem partners with full-process products and technical services spanning planning, development, deployment, and operation and maintenance. It actively contributed back to the open source community, promoting technology sharing and ecosystem prosperity. At the “Operating System Conference & openEuler Summit 2025”, by virtue of its outstanding performance in technical contribution, ecosystem promotion, and community construction, the Company was once again awarded the “2025 openEuler Community Outstanding Contribution Unit”. This is the third consecutive year the Company has won this award, fully reflecting its continuous leadership and profound accumulation in the open source operating system field.

The Company continued to deepen domestic database product R&D and technical services, actively joining hands with Huawei Gauss Database to build ecosystem capabilities. It became one of the first batch of Gauss Database certified service partners, widely participating in database delivery projects across multiple regions and industries. The Company focused on key industries such as finance, government and enterprise, energy, and securities, conducting solution delivery in depth within business scenarios, continuously consolidating its service advantages in the domestic database field. The Company participated in and initiated the establishment of the Gauss Database Ecological Professional Committee of the China Software Industry Association. It is committed to building a bridge for communication between enterprises, academic institutions, partners, and organizations, deepening industry cooperation, promoting the implementation of application demonstrations and the formulation of standards and norms, accelerating the cultivation of database industry talents, building a sound Chinese database industry ecosystem, and leading the high-quality development of the Chinese database industry. In terms of product R&D, the Company actively promoted research on “AI + Database O&M” technology. By introducing AI and large model technologies, it improved the intelligence level of database O&M, achieving enhanced stability, performance optimization, and reduced O&M costs, better meeting enterprise needs for data storage, processing, and analysis in the AI era.

30 Business Overview

5. Overseas Services

The Company continued to deepen its global layout. With Hong Kong as the center, it successfully built systematic business expansion and delivery capabilities in key regions such as the Asia-Pacific and the Middle East. During the Reporting Period, the Company provided leading cloud infrastructure for multiple smart city and venue projects in the Asia-Pacific region. In the Hong Kong Kai Tak Sports Park project, the Company delivered a comprehensive solution covering full scenarios such as command centers, physical security, and passenger flow management, achieving intelligent management of the park and establishing a new benchmark for world-class sports parks. On the opening day of the Kai Tak Sports Park, the Company made a prominent appearance as a core digital strategic partner, witnessing the official launch of the Hong Kong Kai Tak Sports Park Global Demonstration Center. Currently, the Company is deeply involved in the operation and maintenance of the Kai Tak Sports Park, assisting the park in providing support for the Universiade and various large-scale events. The Company continued to deepen ecosystem co-creation with Huawei, joining the Hong Kong and Macau IDA Digital Intelligence Alliance together. It received three major awards in the Huawei Hong Kong and Macau Region: “Outstanding Contribution Partner Award”, “Excellent Partner Award for Network Products and Solutions”, and “Excellent Partner Award for Storage Products and Solutions”. As a core overseas strategic partner of Huawei Cloud, during the Huawei Developer Conference 2025, the Company jointly released multiple joint solutions with Huawei, such as smart parks and smart cities. Among them, the smart park solution won the overseas scenario-based product portfolio award, highlighting the strength of both parties in joint innovation and large-scale implementation.

The Company actively expanded regional markets and achieved key breakthroughs. With Saudi Arabia as the business center for the Middle East region, the joint venture JAT (Joint Advanced Technologies) showcased cloud platforms, digital twins, and smart venue solutions at LEAP 2025, providing smart upgrade paths for newly built large venues in the Middle East. The Company continued to advance projects for the Hong Kong Leisure and Cultural Services Department and in Indonesia. It attended the Member Conference of the Hong Kong Software Industry Association and was appointed as a Vice President Unit and the Technology Globalization Committee. The Company serves global customers with innovative technology, successfully helping leading customers transform by relying on data platforms, cloud-native, and AIGC capabilities, consolidating its leading position in key markets, and continuously driving the global digitalization process.

2 SOFTWARE AND TECHNICAL SERVICES

During the Reporting Period, the Company actively embraced the AI trend and comprehensively advanced AI-driven traditional business transformation. Centering on transformation, quality improvement, and value upgrading, the Company's traditional business continued to deepen the integrated application of AI technology. It steadily advanced business model upgrades, organizational structure optimization, and AI talent team transformation, gradually breaking away from the labor-intensive development model and transforming towards a development path of high-margin, high-value, and high-efficiency. This consolidated the foundation for the breakthrough development of the Two Wings, providing strong support for the realization of the Company's overall strategic goals.

1. Accelerating the Transformation and Development of Traditional Business

During the Reporting Period, the Company focused on AI technology empowerment to promote quality improvement and efficiency enhancement in traditional businesses. Relying on tools such as AI Coding assistants, low-code platforms, and AIOps intelligent operation and maintenance systems, it achieved efficiency improvements across the entire chain of development, delivery, and operation and maintenance, effectively increasing personnel output efficiency. In an IT Application Innovation transformation project for a bank's audit system, the Company applied AI Coding engineering to project delivery. Through methods such as architect-led oversight, establishing standards and providing sample code, and human-machine collaborative verification, it achieved a doubling of development efficiency. The Company drove the transformation from T&M (Time and Material) business to FP (Fixed Price/Value Delivery) business. By optimizing the pricing system and strengthening value delivery, it continuously improved business gross margins, gradually reduced the proportion of low-margin businesses, and promoted the optimization of the business structure towards high quality. Seizing the market opportunity of rapid AI industry expansion and tight talent demand, the Company actively expanded its training business. It built an integrated service model of "Training + Certification + Delivery", relying on the Company's core technical experts and practical project resources to create an AI skills training system tailored to industry needs. Combining resources from ecosystem partners such as Huawei Cloud, it achieved deep linkage between training and business delivery, cultivating new revenue growth poles and assisting in the diversified development of the Company's business structure.

At the organizational operation level, the Company implemented an AI-penetrating operation model, innovatively establishing a "One-person Department" lightweight organizational structure. By using AI agents to replace procedural and repetitive work, the Company optimized operational processes, reduced operating costs, and enhanced overall organizational operational efficiency. This realized the landing of a new operation model featuring "one-person control, AI collaboration, and efficient operation", promoting the transformation of the organizational structure towards being lightweight and highly efficient.

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In terms of talent construction, the Company established an AI BootCamp Team, integrating three functions: “Combat Training Center, Circulation and Rotation Center, and Mobile Combat Force”. It cultivated over a thousand key employees in batches into new “bilingual” talents possessing “AI-native” working methods and practical capabilities. Adopting a Bootcamp-style “deep dive” cooperation and a practical, project-based “training-combat integration” cultivation model, the Company systematically cultivated a non-replicable expert team of FDEs (Forward Deployed Engineers) from within. This transported AI composite talents to the AI HarmonyOS and AI ERP wings, accelerated personnel circulation through “continuous rotation training”, and formed a core talent pool supporting new business development.

In terms of business structure optimization, the Company adhered to the “advance and retreat” principle. On one hand, it orderly cleared out low-end businesses with low gross margins and no potential for transformation, releasing human and financial resources. On the other hand, it increased the transfer of traditional business personnel to new directions such as full-stack full-scenario AI business, high-value FP business, and trainable business. This perfected the “Vanguard – Corps – Stronghold” architecture, achieving a coordinated development pattern where traditional businesses provide the foundation and new businesses achieve breakthroughs.

2. Major Customers and Industry Business Progress

2.1 *Huawei*

During the Reporting Period, the Company deeply practiced strategic collaboration with Huawei, positioning itself as an “ecosystem core co-builder, technology implementation enabler, and scenario innovation pioneer”. It comprehensively deepened cooperation in multiple fields such as operating systems, database ecosystems, AI infrastructure, and enterprise services, building full-stack collaborative hardware-software integrated service capabilities. In the field of operating system ecosystem, the Company deeply participated in the release and evolution of HarmonyOS and HarmonyOS NEXT versions, providing core technical support for device compatibility and interconnection stability of the system ecosystem, assisting in the continuous expansion of the HarmonyOS ecosystem’s user base and scenario coverage. It deeply cultivated the openEuler ecosystem, advancing the R&D of customized servers and embedded operating systems, and launched the CSIOS embedded version. It was honored with two awards: “2025 openEuler Community Outstanding Contribution Unit” and “openEuler Globalization Pioneer Partner”. In the database field, the Company and Huawei Cloud jointly built the GaussDB Ecological Professional Committee. It became the first CTSP partner to obtain GaussDB service capability certification. Relying on its self-developed platform DSM and AI-based operation and maintenance technology, it continuously empowered core industries such as finance and government and enterprise, building a solid foundation for localization substitution and IT Application Innovation ecosystem development. In terms of basic hardware and software and AI ecosystem, the Company completed full-scenario adaptation of Kunpeng and Ascend chips and Kunpeng cloud landing services, promoting the accelerated application of the “Kunpeng + Ascend” ecosystem. Throughout the year, it landed 300+ AI industry projects, covering six major fields including carriers, government affairs, education, finance, and power. It jointly initiated the 4th 828 B2B Enterprise Festival with Huawei, boosting the implementation of AI applications across a wide range of industries.

It achieved important breakthroughs in enterprise service scenarios. In terms of human resources digitalization, it launched applications such as “Talent Mobility Assistant” and “Recruitment Digital Human”, comprehensively promoting the AI-ization of the HR supply chain, significantly improving organizational efficiency and resource allocation efficiency. It continued to deepen cooperation with the Huawei Ascend ecosystem, obtaining three major service capability labels for Huawei Cloud CTSP Ascend, AI Platform, and Pangu Large Model. It also obtained Ascend Large Model All-in-One Machine and multi-directional partner certifications for the Ascend Miles Program. Its AI technology expert and solution team capabilities matured, keeping pace with Huawei’s root technology promotion. The Company’s Huawei Cloud ecosystem share and number of CTSP certifications both ranked first in the industry, continuously consolidating its core position in localization substitution through full-domain deep collaboration and innovation practices.

2.2 Financial Sector

During the Reporting Period, the Company continued to consolidate its digital foundation in the fields of financial IT Application Innovation and data business, achieving systematic breakthroughs. It successfully landed an IT Application Innovation transformation project for the enterprise-level data lake and asset management platform of a national joint-stock commercial bank, marking the first implementation of an IT Application Innovation data platform in this type of bank. It successfully landed an IT Application Innovation integration project for the bank card system of a large state-owned bank, completing the first successful implementation of financial IT Application Innovation in a large state-owned bank. The Company also made significant progress in financial services for the Hong Kong, Macao, Taiwan, and overseas markets. At the beginning of the year, it was awarded the “Global Best Core System Award” by an international financial institution. By virtue of its outstanding contribution in a project for the China branch of a well-known foreign bank, it was awarded the title of “Annual Excellent Supplier”, being the only Chinese supplier to receive this honor. It achieved a breakthrough in a multi-million level data platform construction project for an international payment institution.

During the Reporting Period, the Company was selected for the “IDC China Financial IT Force” list for three consecutive years. It maintained a leading position in multiple sub-sectors such as transaction banking, payment and clearing, and intelligent risk control, highlighting its comprehensive competitiveness in full-stack FinTech services.

34 Business Overview

2.3 Terminal Manufacturing Sector

During the Reporting Period, the Company joined hands with leading domestic technology enterprises to achieve new breakthroughs, realizing diversified growth in the fields of smart wearables and smart home. The Company assisted Honor in deepening MagicOS cross-device collaboration technology and upgrading on-device AI intelligent interaction capabilities, supporting the global launch of flagship products such as Magic8 and Magic V5, and strengthening full-scenario ecosystem advantages. The Company formed stable cooperative relationships with leading ODM manufacturers such as Huaqin, Longcheer, Zhuoyi, MetaX, and Goertek, expanding the scale of cooperation and providing one-stop technical support from R&D design to production adaptation. The Company was successfully selected into Xiaomi Group's tiered strategic supplier system, providing technical support for its smart terminals, AloT ecosystem, and car-phone connectivity. The Company maintained close collaboration with OPPO to jointly build the underlying compatibility testing system for the Find series, significantly increasing the bug detection rate. It also provided underlying interconnection technology support and adaptation services, optimizing the collaborative interaction efficiency between terminal devices and assisting OPPO in consolidating its full-scenario IoT ecosystem layout. The Company became a strategic partner of Qingdao Hisense, providing intelligent connectivity technology solutions for home appliance enterprises such as Hisense and A.O. Smith. It supported home appliance products like air conditioners and refrigerators to access the full-scenario connectivity system, achieving automatic device discovery and convenient control through cloud-device collaboration, enriching smart home application scenarios, and continuously consolidating technological cooperation advantages in the pan-terminal and home appliance fields.

2.4 Automotive Sector

During the Reporting Period, the Company deeply participated in building Huawei's "People-Vehicle-Home" full-scenario intelligent interconnection solution, providing full-link technical support for the "Five Realms" matrix models including AITO, Luxeed, and Stelato, covering key areas such as intelligent cockpit, fusion perception, and vehicle-device interconnection. The Company established stable cooperative relationships with leading automakers such as Changan Automobile, Li Auto, JAC Motors, Chery Automobile, and Great Wall Motor, focusing on providing technical support in fields such as intelligent driving and intelligent cockpit. It provided intelligent driving-related technical optimization and collaborative support for Changan Automobile, assisting in the iteration and upgrade of its intelligent functions, with cooperation share further increasing. It provided technical empowerment in the intelligent driving field for Chery Automobile, promoting the improvement of relevant business efficiency. Meanwhile, it provided Internet of Vehicles and intelligent cockpit interconnection technologies for automakers such as Li Auto, JAC Motors, and Great Wall Motor, adapting to the needs of diversified mobility scenarios.

2.5 Telecommunications Sector

During the Reporting Period, the Company continued to consolidate business cooperation with the three major telecommunication operators: China Mobile, China Telecom, and China Unicom. It renewed major projects with clients such as China Mobile System Integration, China Mobile IoT, Migu, Zhongdian Hongxin, Tianyi IoT, China Telecom AI, and Unicom Online, further increasing cooperation shares. It renewed cooperation with clients such as China Mobile IoT and the Terminal Company, and added important clients such as China Mobile Greater Bay Area, Inner Mongolia Mobile, Shaanxi Mobile, and China Mobile Chengdu Research Institute, achieving stable growth in operator business. The Company further deepened strategic cooperation with telecommunications equipment manufacturers such as TD Tech, Ruijie Networks, and Datang Telecom, with its technical strength and innovative practices receiving high recognition from clients.

36 Management Discussion and Analysis

In 2025, driven by the explosive growth of the Company's full-stack full-scenario AI business, the Company's revenue increased by 0.5% YoY, and service revenue increased by 2.3% YoY. Affected by two special items: the increase in one-off severance compensation costs resulting from workforce optimization during the Company's AI transformation and the recognition of impairment loss on goodwill during the Reporting Period, profit for the year decreased by 36.7% YoY, profit attributable to owners of the Company decreased by 37.3% YoY, and basic earnings per share decreased by 35.8% YoY. In 2025, After excluding the impact of the aforementioned two special items, the adjusted profit before taxation increased by 0.2% YoY, reflecting the stable profitability of the Company's core business.

	2025 RMB'000	2024 RMB'000	% Increase (decrease) over the same period last year
Revenue	17,027,414	16,950,733	0.5%
Service revenue	16,685,583	16,314,168	2.3%
Profit for the year	323,510	511,145	(36.7%)
Profit for the year attributable to owners of the Company	321,449	512,925	(37.3%)
Basic earnings per share (cents)	12.84	20.01	(35.8%)
Adjusted profit before taxation	681,957	680,508	0.2%

KEY OPERATING DATA

	2025 RMB'000	2024 RMB'000	% Increase (decrease) over the same period last year
Revenue	17,027,414	16,950,733	0.5%
Service revenue	16,685,583	16,314,168	2.3%
Cost of sales and services	(13,558,883)	(13,209,231)	2.6%
Gross profit	3,468,531	3,741,502	(7.3%)
Other income	238,338	241,941	(1.5%)
Loss from derecognition of financial assets measured at amortised cost	(2,621)	(2,815)	(6.9%)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	(206,060)	(273,855)	(24.8%)
Impairment loss on goodwill	(103,838)	–	N/A
Impairment loss on investment accounted for using the equity method	–	(13,703)	(100.0%)
Other gains or losses	252,845	219,574	15.2%
Selling and distribution costs	(860,479)	(875,097)	(1.7%)
Administrative expenses	(1,085,365)	(1,220,082)	(11.0%)
Research and development costs	(1,040,891)	(906,274)	14.9%
Other expenses	(94,674)	(95,070)	(0.4%)
Finance costs	(119,446)	(175,918)	(32.1%)
Share of results of investments accounted for using the equity method	(45,470)	(72,107)	(36.9%)
Profit before taxation	400,870	568,096	(29.4%)
Income tax expense	(77,360)	(56,951)	35.8%
Profit for the year	323,510	511,145	(36.7%)
Profit for the year attributable to owners of the Company	321,449	512,925	(37.3%)
Basic earnings per share (cents)	12.84	20.01	(35.8%)
Adjusted profit before taxation	681,957	680,508	0.2%

38 Management Discussion and Analysis

GENERAL OVERVIEW

In 2025, the Company advanced its “One Body, Two Wings” strategic layout, with AI at its core and Physical AI and Digital AI as the two wings, focusing on two core growth engines: AI HarmonyOS and AI intelligent business operating systems. The Company successfully built full-stack product and service capabilities spanning from intelligent perception of the physical world to enterprise intelligent operations. During the Reporting Period, sales amount from full-stack full-scenario AI products and services reached RMB2,000 million, representing a YoY increase of 109.2%, marking the Company’s successful transformation into its new role as an architect and integrator of enterprise Agentic AI, and laying a solid foundation for the development of new quality productive forces and long-term high-quality growth.

As the Physical AI component of the “One Body, Two Wings” strategy, the AI HarmonyOS business is positioned as the foundation for enterprise AI to enter the physical world, aiming to provide high-quality data support for AI platforms. Leveraging the dual advantages of Kaihong OS and the Meta platform, the Company adheres to a hardware-software integrated development strategy and participates deeply in the large-scale implementation of Harmony cities. Through the establishment of a city partnership mechanism, the Company has created new paradigms for smart city construction in core cities including Xi’an, Shenzhen and Beijing, successfully building a closed-loop ecosystem spanning from technical adaptation and product certification to market application. In key scenarios such as transportation, public security and housing and construction, the Company launched industry-specific systems including Lu Hong (Road Harmony) and Jian Hong (Construction Harmony), as well as multiple intelligent perception terminals, achieving unified device access and cross-domain collaboration. Particularly in Xi’an, the adaptation center led by the Company has become a national benchmark, driving the aggregation of numerous ecosystem partners and forming significant industrial cluster effects, fully demonstrating the Company’s leading position in the OpenHarmony ecosystem.

At the other wing, the AI-native enterprise intelligent operating system serves as the gateway to central state-owned enterprises, bearing the strategic mission of securing the entry point for enterprise Agentic AI. After five years of continuous investment, the Company successfully released the allmeta enterprise intelligent business operating system, achieving a paradigm revolution from traditional record systems to Enterprise Business Intelligent Operating System (EOS). With AI as its core design principle, allmeta achieves digital twinning of physical world business operations through deep integration of cognitive frameworks and execution nerves. Through its three-layer product architecture of “data foundation, cognitive hub and execution network”, the product builds actionable business ontologies, significantly reducing the latency from insight to action and empowering enterprises with self-evolution capabilities.

Facing industry transformation, the Company fully embraces AI Coding and intelligent development tools, driving workforce restructuring toward AI talent and building large-scale, standardized Digital OpenClaw Factory. Through technology-driven efficiency gains that optimize costs and leapfrog per capita output, the cornerstone business is transitioning from labor-intensive to AI-enabled high-margin operations. The Company has orderly streamlined inefficient segments, redirecting released resources toward high-value domains while creating conditions for core talent to aggregate within the JointForce ecosystem. This “advance and retreat” structural optimization strategy not only enhances overall operational efficiency but also provides stable cash flow support and high-quality talent reserves for the expansion of the Two Wings businesses, solidifying the foundation for the Company’s long-term development.

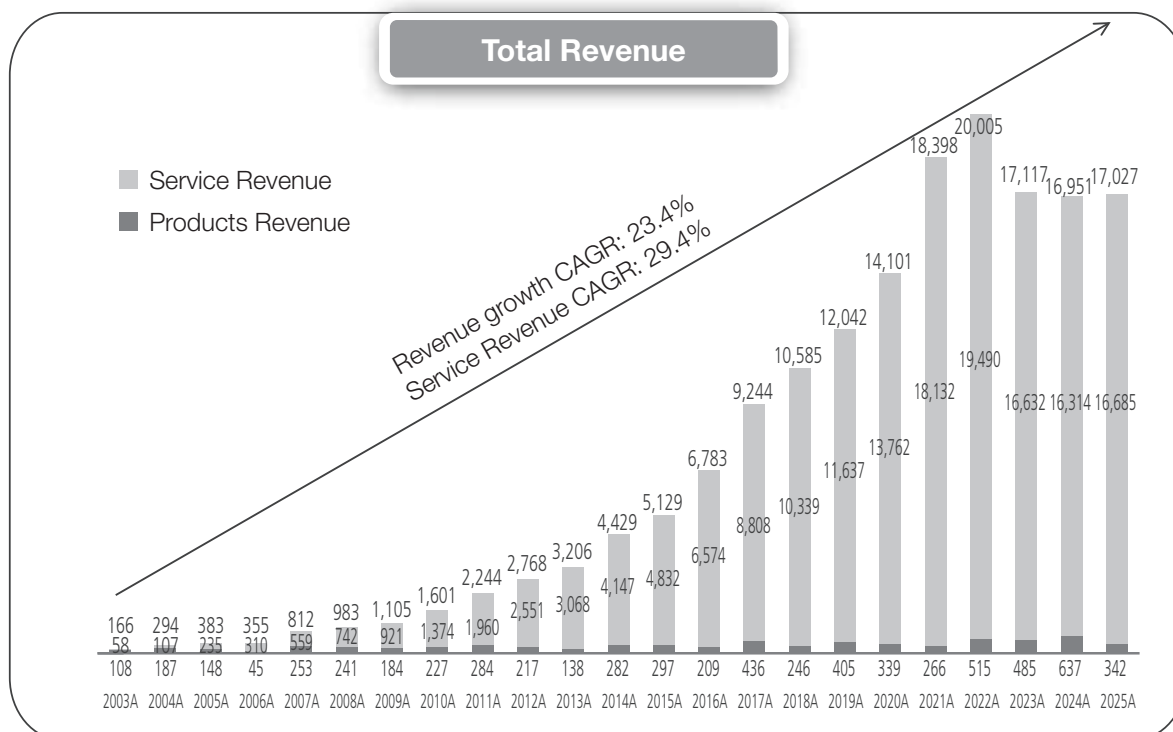
In terms of ecosystem development, the Company has demonstrated strong integration capabilities and an open mindset. On the southbound ecosystem, the Company has established deep partnerships with chip manufacturers such as Loongson Technology and ESWIN Computing, building a dual open-source autonomous ecosystem of “OpenHarmony + domestic chips”, becoming the core connector for southbound device access to HarmonyOS. On the northbound ecosystem, the Company has focused on the large-scale implementation of HarmonyOS native applications and meta-services, successfully supporting over 1,200 applications in completing HarmonyOS adaptation, and independently developed the Hongyun Virtual Machine to address Windows application compatibility challenges. Through deep collaboration with partners such as Huawei Cloud and local culture and tourism bureaus, the Company’s benchmark projects including “Happy Weihai” have validated the commercial potential of direct-to-consumer meta-services, and have been rapidly replicated and promoted nationwide, further consolidating the Company’s leading position in the HarmonyOS ecosystem.

The in-depth cultivation of industry clouds has further broadened the Company’s business boundaries. As a strategic partner of Huawei Cloud under the Same Boat, Same Journey initiative, the Company has continued to maintain a leading market share in public cloud performance and Ascend-compatible model services. By building a full-stack technical system covering edge, cloud and AI industry applications, the Company provides highly competitive AI industry cloud solutions for sectors including transportation, retail and pharmaceuticals. In terms of computing power operations, the Company has successfully signed multiple intelligent computing center operation projects, providing one-stop AI service operations and driving the large-scale implementation of AI technology in industries. Meanwhile, the Company’s Sci-Tech Innovation Center has achieved significant progress in the application of large model technologies, deploying and enabling multiple mainstream large models to provide customers with efficient and stable full-process support for AI innovation, becoming an important engine for the Company’s technological innovation.

Looking ahead, the Group will continue to fully embrace AI. On one hand, it will accelerate the expansion of AI software and hardware businesses to open up revenue growth space. On the other hand, it will penetrate the energy and power as well as financial industries through allmeta, creating digital employees adapted to full B-end scenarios for customers and converting computing power into Token, thereby upgrading the business model. Meanwhile, the Company will further optimize its global business layout, deepen ecological co-creation with core partners such as Huawei, and expand its overseas market presence. Through continuous technological innovation, ecological aggregation and talent upgrading, the Group is confident in seizing the initiative in the AI intelligent era, leading the trend of industry intelligent transformation, and firmly advancing toward the goal of becoming “the world’s best full-scenario full-stack AI products and services provider”.

40 Management Discussion and Analysis

Since the Company's listing on the Growth Enterprise Market in 2003, the compound annual growth rate (CAGR) of revenue reached 23.4%, while the CAGR of service revenue reached 29.4%. Please refer to the following graph for details:



CUSTOMERS

The Group's customers span globally. In addition to Greater China, it has achieved remarkable results in the Asia-Pacific and Middle East regions and extends its influence to customers globally. The Group has established long-term partnerships with leading domestic and international enterprises and high-growth potential customers such as Huawei, HSBC, Honor, Tencent, China Mobile, Alibaba, Ping An, China Telecom, Bank of Communications, PetroChina, CNOOC and State Grid. In 2025, service revenue from the top five customers accounted for 57.9% of the Group's total service revenue, while service revenue from the top ten customers accounted for 66.0% of the Group's total service revenue.

In 2025, the Group had 1,884 active clients. Among them, there were 189 large clients with service revenue exceeding RMB6 million.

MARKET

During the Reporting Period, the Group focused on industries such as energy and power, finance, transportation, public security and housing and construction, developing industry scenario products and solutions based on AI HarmonyOS and Allmeta and driving their implementation. In the domestic market, the Group strategically deployed in economically developed regions such as the Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei region, as well as hub areas in central and western China, deeply cultivating key cities including Beijing, Shenzhen, Xi'an, Guangzhou, Nanjing, Shanghai and Chengdu, fully leveraging the advantages of the "Vanguard + Corps + Stronghold" organizational formation to comprehensively advance the deep application and supply of "AI+" solutions across various industries. In the overseas market, with Hong Kong as the strategic hub, the Group adopted a dual-wheel drive model of "technology export + ecosystem localization" to build a global service system covering the Asia-Pacific and Middle East regions. In Hong Kong, the Group provided comprehensive smart venue solutions for Kai Tak Sports Park including smart centers, physical security, passenger flow statistics and venue booking management, undertook the Hong Kong Police Force CDIP project, and participated in the Hongkong Electric Company district pilot project. In Saudi Arabia, the Group established JAT Company through a joint venture with 3F Technology to serve the digital infrastructure construction of NEOM. The Group continued to serve global customers relying on data platforms, cloud-native and AIGC capabilities, consolidating its benchmark position in financial digital transformation in Hong Kong and Southeast Asia, and accelerating the overseas expansion of energy and power, finance, government cloud and HarmonyOS ecosystem.

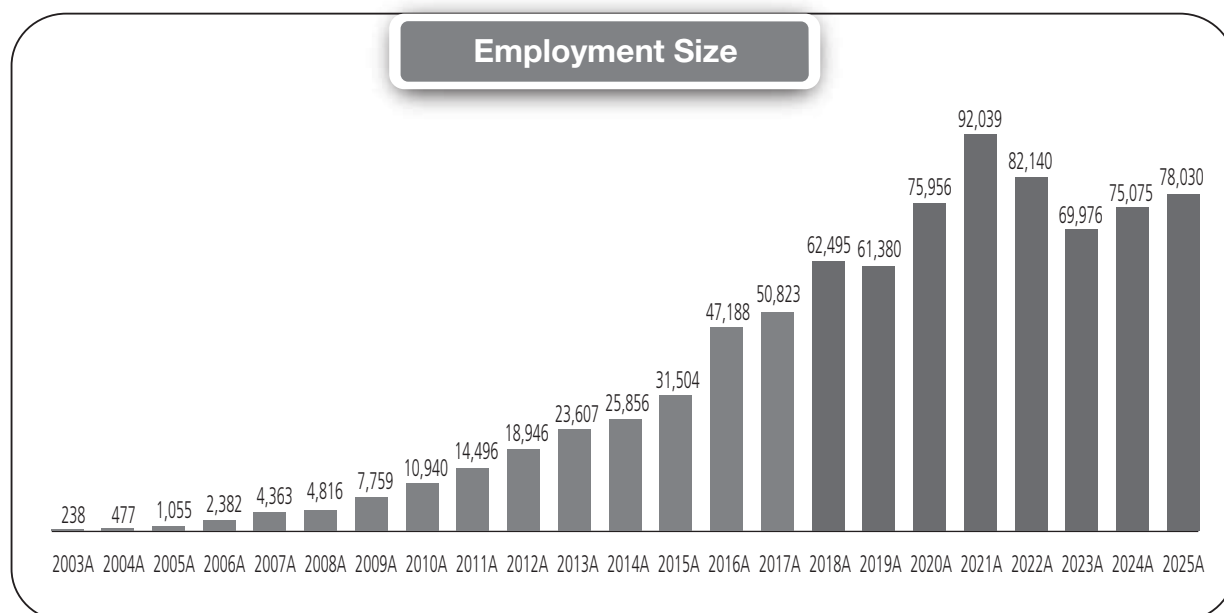
HUMAN RESOURCES

As of the end of 2025, the total number of employees in the Group reached 78,030 (compared to 75,075 at the end of 2024), representing a 3.9% increase. The average number of employees for the year was 76,553, reflecting a 5.6% increase from the previous year's average of 72,526. The growth in employee numbers was mainly attributable to the advance staffing for full-scenario AI strategic layout and the growth in major customer business share. To support the continuous improvement of project delivery and service quality, the Group correspondingly increased its human resource allocation. Going forward, the Group will continue to adhere to the AI Coding-first strategy to reduce costs and improve efficiency.

As of the end of 2025, the number of technical personnel in the Group reached 75,101, accounting for 96.2% of the total number of employees. Among them, project managers, consultants, and senior engineers totaled 28,149, comprising 37.5% of the total technical personnel in the Group.

42 Management Discussion and Analysis

Since the Company's listing on the Growth Enterprise Market in 2003, the Group's total personnel has changed as follows:



EMPLOYEE COMPENSATION POLICY

The remuneration policies of the Group are in line with prevailing industry practices. Bonuses are paid on a discretionary basis taking into account factors such as performance of individual employees and the Group's performance as a whole. The Group provides comprehensive employee benefits, including medical insurance and training programs. Pursuant to the applicable laws and regulations, the Group has made contributions to relevant retirement schemes administrated by the local responsible government authorities for its employees in the China Mainland, Hong Kong and overseas.

The share award scheme (the "Share Award Scheme") was adopted by the Company on 10 December 2018 and is valid for a period of 10 years commencing from such date. The purposes of the Share Award Scheme are to recognise the contributions by certain employees (including Directors) and to provide them with incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

OPERATING RESULTS

The following is the Group's consolidated comprehensive income statement for 2025 and 2024:

	2025 <i>RMB'000</i>	% of revenue	% of service revenue	2024 <i>RMB'000</i>	% of revenue	% of service revenue
Revenue	17,027,414	N/A	N/A	16,950,733	N/A	N/A
Service revenue	16,685,583	N/A	N/A	16,314,168	N/A	N/A
Cost of sales and services	(13,558,883)	(79.6%)	(81.3%)	(13,209,231)	(77.9%)	(81.0%)
Gross Profit	3,468,531	20.4%	20.8%	3,741,502	22.1%	22.9%
Other income	238,338	1.4%	1.4%	241,941	1.4%	1.5%
Loss from derecognition of financial assets measured at amortised cost	(2,621)	(0.0%)	(0.0%)	(2,815)	(0.0%)	(0.0%)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	(206,060)	(1.2%)	(1.2%)	(273,855)	(1.6%)	(1.7%)
Impairment loss on goodwill	(103,838)	(0.6%)	(0.6%)	-	-	-
Impairment loss on investment accounted for using the equity method	-	-	-	(13,703)	(0.1%)	(0.1%)
Other gains or losses	252,845	1.5%	1.5%	219,574	1.3%	1.3%
Selling and distribution costs	(860,479)	(5.1%)	(5.2%)	(875,097)	(5.2%)	(5.4%)
Administrative expenses	(1,085,365)	(6.4%)	(6.5%)	(1,220,082)	(7.2%)	(7.5%)
Research and development costs	(1,040,891)	(6.1%)	(6.2%)	(906,274)	(5.3%)	(5.6%)
Other expenses	(94,674)	(0.6%)	(0.6%)	(95,070)	(0.6%)	(0.6%)
Finance costs	(119,446)	(0.7%)	(0.7%)	(175,918)	(1.0%)	(1.1%)
Share of results of investments accounted for using the equity method	(45,470)	(0.3%)	(0.3%)	(72,107)	(0.4%)	(0.4%)
Profit before taxation	400,870	2.4%	2.4%	568,096	3.4%	3.5%
Income tax expense	(77,360)	(0.5%)	(0.5%)	(56,951)	(0.3%)	(0.3%)
Profit for the year	323,510	1.9%	1.9%	511,145	3.0%	3.1%
Profit for the year attributable to owners of the Company	321,449	1.9%	1.9%	512,925	3.0%	3.1%
Adjusted profit before taxation	681,957	4.0%	4.1%	680,508	4.0%	4.2%

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REVENUE

In 2025, the Group recorded revenue of RMB17,027.414 million (2024: RMB16,950.733 million), representing a slight 0.5% YoY increase. Service revenue for 2025 amounted to RMB16,685.583 million (2024: RMB16,314.168 million), reflecting a 2.3% YoY increase. In the current complex and challenging economic environment, the Company demonstrated certain business resilience with a slight revenue growth. This was mainly attributable to the Company's full-stack full-scenario AI products and services business becoming a new strategic growth engine, achieving sales amount of RMB2,000 million, representing a significant YoY increase of 109.2%, demonstrating strong development momentum.

GROSS PROFIT

In 2025, the Group achieved a gross profit of RMB3,468.531 million (2024: RMB3,741.502 million), reflecting a 7.3% YoY decline. The gross profit margin for 2025 was 20.4% (2024: 22.1%), marking a 1.7% decrease YoY. The gross profit as a percentage of service revenue was 20.8% (2024: 22.9%), showing a 2.1% decline YoY. The decline in the Company's overall gross profit margin was caused by the concentrated overlay of transitional factors during the strategic transformation period, specifically as follows: first, the Company advanced business structure adjustment and workforce optimization to align with the Group's full-scenario AI strategy, leading to a significant increase in one-off cost; second, transitional loss costs were incurred from capturing key businesses from major customers; meanwhile, customer adoption of efficiency-enhancing tools such as AI Coding remains in the early acceptance stage, therefore the cost reduction and efficiency improvement benefits from AI Coding tools cannot yet be fully realized.

To actively respond to challenges and continuously improve overall profitability, the Company will focus on implementing the following measures:

1. Deepen technology-driven efficiency gains and systematically optimize costs: accelerate the large-scale implementation of AI Coding, intelligent development and other tools across all business processes, driving steady reduction in unit labor costs through process reengineering, resource allocation optimization and workforce efficiency improvement;
2. Focus on high-value businesses and improve revenue and gross profit structure: continue to expand the scale of high value-added businesses represented by full-stack full-scenario AI products and services, accelerate industry deepening and solution productization, and drive overall gross profit margin recovery by increasing the proportion of high-margin businesses.

OPERATING EXPENSES

In 2025, the Group's selling and distribution expenses amounted to RMB860.479 million (2024: RMB875.097 million), representing a 1.7% YoY decrease. In 2025, these expenses accounted for 5.1% of revenue (2024: 5.2%), reflecting a 0.1% decrease. During the Reporting Period, the Company focused on core strongholds, deepened regional operations, continued to tap the potential of incremental markets, and effectively controlled the need for sales headcount expansion.

In 2025, the Group's administrative expenses totaled RMB1,085.365 million (2024: RMB1,220.082 million), reflecting an 11.0% YoY decrease. In 2025, administrative expenses accounted for 6.4% of revenue, compared to 7.2% in 2024, marking a 0.8% decline. During the Reporting Period, the Company enhanced budget management and applied self-developed AI tools such as recruitment and operation Agents, significantly improving the management efficiency of human resources and operations departments, thereby optimizing the administrative expense ratio. Looking ahead, the Company will continue to rely on self-developed Agent products to optimize the operational efficiency of the overall sales, R&D and functional systems, and further improve the operating profit margin.

In 2025, the Group's research and development (R&D) expenses totaled RMB1,040.891 million (2024: RMB906.274 million), reflecting a 14.9% YoY increase. In 2025, R&D expenses accounted for 6.1% of revenue, compared to 5.3% in 2024, representing a 0.8% increase. During the Reporting Period, the Company increased investments in R&D for core areas such as the AI-native allmeta intelligent operating system and OpenHarmony hardware-software integrated solutions.

OTHER INCOME

In 2025, the Group recorded other income of RMB238.338 million (2024: RMB241.941 million), representing a 1.5% YoY decrease.

OTHER GAINS OR LOSSES

In 2025, the Group recorded other gains of RMB252.845 million (2024: RMB219.574 million), representing a 15.2% YoY increase. The increase in other gains was primarily driven by the significant increase in exchange gains during the Reporting Period.

FINANCE COSTS AND INCOME TAX

In 2025, the Group's finance costs amounted to RMB119.446 million (2024: RMB175.918 million), representing a 32.1% YoY decrease. Finance costs as a percentage of revenue stood at 0.7%, compared to 1.0% in 2024, reflecting a 0.3% decline. The reduction in finance costs was primarily due to the partial refinancing of high-cost syndicated loans completed by the Company in 2024, which led to lower interest expenses.

In 2025, the Group's income tax expense was RMB77.360 million (2024: RMB56.951 million), representing a 35.8% YoY increase. The effective tax rate during the Reporting Period was 19.3%, compared to 10.0% in the same period last year, reflecting a 9.3% increase. The increase in income tax expense was primarily attributed to two factors: first, the rise in the fair value of financial assets measured at fair value through profit or loss led to an increase in deferred tax expenses; second, additional accrued income tax expenses from the final settlement of the prior year's enterprise income tax.

OTHER NON-CASH EXPENSES

In 2025, the Group's other expenses amounted to RMB94.674 million (2024: RMB95.070 million), representing a 0.4% YoY decrease. These expenses as a percentage of revenue remained at 0.6%, consistent with 2024.

In 2025, impairment losses (including reversals of impairment losses) on financial assets and contract assets, amounted to RMB206.060 million (2024: RMB273.855 million), representing a 24.8% YoY decrease. Impairment losses (including reversals of impairment losses) on financial assets and contract assets as a percentage of revenue was 1.2%, compared to 1.6% in 2024, reflecting a 0.4% decline.

In 2025, the Group recognized impairment loss on goodwill of RMB103.838 million, accounting for 0.6% of revenue, while no impairment loss on goodwill was recognized in 2024.

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PROFIT FOR THE YEAR AND EARNINGS PER SHARE (EPS)

In 2025, the Group recorded a profit for the year of RMB323.510 million (2024: RMB511.145 million), representing a 36.7% YoY decrease. In 2025, profit for the year as a percentage of revenue was 1.9% (2024: 3.0%), reflecting a 1.1% decline. In 2025, profit for the year as a percentage of service revenue stood at 1.9% (2024: 3.1%), decreasing by 1.2%. The decrease in the Group's profit for the year was mainly affected by the following two special items: the increase in one-off severance compensation costs resulting from workforce optimization during the Company's AI transformation and the recognition of impairment loss on goodwill during the Reporting Period.

In 2025, the profit attributable to owners of the Company was RMB321.449 million (2024: RMB512.925 million), representing a 37.3% YoY decrease.

Based on the profit attributable to owners of the Company, the basic earnings per share (EPS) in 2025 was RMB12.84 cents (2024: RMB20.01 cents), reflecting a 35.8% YoY decrease.

ADJUSTED PROFIT BEFORE TAXATION

To provide shareholders with supplementary information reflecting the Company's ongoing operational capability and efficiency in its core business, the Company, while adhering to Hong Kong Financial Reporting Standards in disclosing profit before taxation, additionally discloses adjusted profit before taxation. Adjusted profit before taxation is a non-Hong Kong Financial Reporting Standards financial measure with no standardized definition, and may not be directly comparable to similar measures presented by other companies. The following table illustrates the reconciliation from profit before taxation to adjusted profit before taxation:

	2025 RMB'000	% of revenue	2024 RMB'000	% of revenue	YoY
Profit before taxation	400,870	2.4%	568,096	3.4%	(29.4%)
Add back:					
one-off severance compensation	177,249	1.0%	112,412	0.7%	57.7%
impairment loss on goodwill	103,838	0.6%	–	–	N/A
Adjusted Profit before Taxation	<u>681,957</u>	<u>4.0%</u>	<u>680,508</u>	4.0%	0.2%

In 2025, the increase in one-off severance compensation costs was attributable to workforce optimization arising from business structure adjustments. After deducting the impact of the two special items – one-off severance compensation and impairment loss on goodwill, the Group's adjusted profit before taxation was RMB681.957 million (2024: RMB680.508 million), representing a YoY increase of 0.2%. The adjusted profit before tax margin in 2025 was 4.0%, consistent with the previous year, reflecting the stable profitability of the Group's core business.

WORKING CAPITAL, FINANCIAL RESOURCE AND CAPITAL STRUCTURE

In 2025, the Group's total available cash balance (comprising bank balances and cash, term deposits, and pledged bank deposits) amounted to RMB4,950.556 million (2024: RMB4,747.142 million).

In 2025, the Group's net current assets amounted to RMB7,341.591 million (2024: RMB6,687.092 million). The current ratio in 2025, calculated as the ratio of current assets to current liabilities, was 2.3, representing an increase of 0.2 compared to 2.1 in 2024.

In 2025, the Group's borrowings amounted to RMB4,713.428 million (2024: RMB4,416.097 million). The net gearing ratio is calculated by dividing the borrowing amount (borrowings minus available cash, comprising bank balances and cash, term deposits, and pledged bank deposits) by total equity. In 2025, the Group's net gearing ratio was -2.0% (2024: -2.9%). The Group's available cash balance exceeded the sum of borrowings in both 2025 and 2024, indicating that the company has relatively strong solvency.

FOREIGN CURRENCY EXPOSURE

It is the Group's policy for each operating entity to operate in local currency as far as possible to minimize currency risk. The Group's principal businesses are conducted in RMB. Since the impact of foreign exchange exposure, other than that of the foreign currency loans, is minimal, no hedging against foreign currency exposure has been carried out by the management. However, the management has kept on monitoring the movement of all foreign currency exposure including that of the foreign currency denominated loans, and will consider hedging significant foreign exchange exposure should the need arise. Certain foreign currency forward contracts had been entered by the Group in 2025 and 2024.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2025, the Group's leased land with a carrying amount of RMB126.545 million (2024: RMB131.492 million) and bank deposits of RMB39.695 million (2024: RMB87.258 million) were pledged and mortgaged to banks as collateral for obtaining loan financing.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investment held by the Company or material acquisition or disposal of subsidiaries, associated companies or joint ventures made by the Company during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no plans for material investments or capital assets.

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FUND RAISING ACTIVITIES

During the current and last year, no fund raising activities had been conducted by the Group. The details of the fund raising activity which had been conducted by the Group with unused proceeds is summarised as below:

On 4 October 2021, the Company entered into the placing agreement with the placing agent, UBS AG Hong Kong Branch, to procure not less than six placees on a best efforts basis to purchase up to an aggregate of 162,000,000 placing shares at the placing price of HK\$12.26 per placing share.

The placing shares were allotted on 12 October 2021 under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 May 2021. The net proceeds from the placing is approximately HK\$1,970 million (after deduction of commission and other expenses of the placing). The original intended use, revised intended use and actual use of the net proceeds are as follow:

Net proceeds allocation	Percentage of total net proceeds	Original intended use of the net proceeds	Revised intended use of the net proceeds	Actual use of the net proceeds	The amount of the remaining net	
					proceeds as at 31 December 2025	Expected time of utilisation (Note 1)
Approximately HK\$788 million	40%	For the research and development of full-stack cloud smart products and solutions, as well as investments and mergers and acquisitions related to the Company's main business	N/A	Approximately HK\$788 million were used for the original intended use	-	-
Approximately HK\$788 million (Note 2)	40%	For developing hardware and software products and solutions for HarmonyOS and OpenHarmony, the research and development of full-stack technologies required for atomic services, making investments and mergers and acquisitions around the HarmonyOS and OpenHarmony industrial ecology (the "Uses for Harmony OS and OpenHarmony")	A combination of (1) Uses for Harmony OS and OpenHarmony and (2) Investment in the full-spectrum artificial intelligence business direction, specifically including areas such as intelligent cloud infrastructure development, intelligent agent and model factories, Harmony AIOT and digital twin applications, ERP consulting and implementation services, etc. (the "Extended Uses for Harmony and AI")	Approximately HK\$394 million were used for original intended use Approximately HK\$242 million were used for the revised intended use	Approximately HK\$152 million to be for the revised intended use	Before 31 December 2026 (Note 3)

Net proceeds allocation	Percentage		Revised intended use of the net proceeds	Actual use of the net proceeds	The amount of the remaining net proceeds as at 31 December 2025	
	of total net proceeds	Original intended use of the net proceeds			Expected time of utilisation (Note 1)	
Approximately HK\$394 million	20%	For general working capital of the Company	N/A	Approximately HK\$394 million were used for original intended use	-	-

Note 1: The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Group, which may be subject to changes and adjustments based on the future development of market conditions.

Note 2: Based on the Company's strategic positioning, the remaining unutilised net proceeds which were originally intended to be only used for the Uses for Harmony OS and OpenHarmony extended to also include the Extended Uses for Harmony and AI. This is mainly due to the rapid and ongoing breakthroughs in AI technologies, which have become a central force in global digital transformation. AI is now deeply integrated across both software and hardware domains, with cross-industry applications forming a robust and evolving AI ecosystem. To meet market trends and customer demands, the Company aims to seize the opportunity to embed AI into full-scenario applications and will therefore allocate additional resources to the development of the full-scenario AI application industry.

Note 3: The expected timeline of utilising the net proceeds originally intended to be used for the Uses for Harmony OS and OpenHarmony was extended from before 31 December 2023 to before 31 December 2024 during the year 2023 and was further extended from before 31 December 2024 to before 31 December 2025 during the year 2024. Having considered the revised intended use of the net proceeds, the Board expects that the remaining unutilised net proceeds will be utilised by 31 December 2026, as the Company will allocate R&D funds as appropriate according to the needs of the progress of the Group's projects.

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A. CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained to safeguard the interests of shareholders, customers, service vendors, employees and other stakeholders. The code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules have served as guideposts for the Company to follow in its implementation of corporate governance measures.

In the opinion of the Board, the Group has complied with the CG Code from 1 January 2025 to 31 December 2025, except for the following deviations as explained:

Code Provision C.1.5

Under Code Provision C.1.5, independent non-executive directors and other non-executive directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other business commitment, three independent non-executive Directors and two non-executive Directors were unable to attend the annual general meeting of the Company held on 20 May 2025 in Hong Kong (the “2024 AGM”).

Code Provision C.2.1

Under Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. Chen Yuhong currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that by holding both roles, Dr. Chen will be able to provide the Group with strong and consistent leadership, and it allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

B. DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding securities transactions by Directors. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the year ended 31 December 2025.

C. BOARD OF DIRECTORS

1. Composition of the Board of Directors

During the year in review and up to the date of this report, the board of directors of the Company (the “Board”) comprises:

Name of Directors	Length of Tenure	Current Period of Appointment*
Executive directors:		
Dr. Chen Yuhong** (<i>Chairman and Chief Executive Officer</i>)	23 years	3 years
Dr. He Ning*** (<i>Vice Chairman</i>)	5 years	2 years
Dr. Tang Zhenming****	21 years	1 year
Non-executive directors:		
Dr. Zhang Yaqin	18 years	1 year
Mr. Gao Liangyu	9 years	2 years
Independent non-executive directors:		
Dr. Lai Guanrong	11 years	2 years
Professor Mo Lai Lan	8 years	1 year
Mr. Yeung Tak Bun <i>J.P.</i> **	3 years	2 years

Notes:

* Since Directors’ last re-election at AGM

** To retire at the coming AGM and be eligible for re-election

*** To retire as the Vice Chairman of the Board with effect from 17 April 2026 and to retire as an executive Director at the coming AGM

**** To be appointed as the Vice Chairman of the Board with effect from 17 April 2026

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the section headed “Biographical Details of Directors and Senior Management” in this Annual Report. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director are suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

To the best knowledge of the Company, there are no financial, business, family or other material/relevant relationships among members of the Board.

2. Meetings and Board Practices

Pursuant to the code provision C.5.1 of the CG Code, at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

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During the year ended 31 December 2025, the Board held four regular board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The attendance records of the board meetings and general meetings held are set out below:

	Attended/ Number of regular board meetings held	Attended/ Number of general meetings held during the year
Executive Directors		
Dr. Chen Yuhong	4/4	1/1
Dr. He Ning	4/4	1/1
Dr. Tang Zhenming	4/4	0/1
Non-executive Directors		
Dr. Zhang Yaqin	4/4	0/1
Mr. Gao Liangyu	4/4	0/1
Independent Non-executive Directors		
Dr. Lai Guanrong	4/4	0/1
Professor Mo Lai Lan	4/4	0/1
Mr. Yeung Tak Bun <i>J.P.</i>	4/4	0/1

The Directors will receive details of agenda items for decision and detailed documents in advance of each Board meeting. The Company Secretary is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings.

Pursuant to the code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The Chairman met the independent non-executive Directors once without the presence of other Directors during the year ended 31 December 2025.

3. Functions of the Board of Directors

The Board is accountable to the shareholders for managing the Company in a responsible and effective manner. Also, the Board decides on overall strategies and monitors the Group's performance.

The Board is responsible for the oversight of the Company's business and affairs with the objective of enhancing shareholder value. The Board also makes decisions on matters such as approving the annual results and interim results, notifiable and connected transactions, material acquisitions, disposal or investments, appointment and re-appointment of Directors, declaring dividends and reviewing the effectiveness of the internal control system, etc.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the Executive Directors and the management. When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

4. Independent Non-executive Directors

During the year ended 31 December 2025, the Board had met the requirements of the Listing Rule 3.10(1) and Rule 3.10A relating to the appointment of at least three independent non-executive Directors, the number of which must represent at least one-third of the Board.

The independent non-executive Directors appointed by the Company have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders, of whom Professor Mo Lai Lan has appropriate professional qualifications in accounting or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

During the year ended 31 December 2025, Dr. Lai Guanrong, an existing Independent non-executive Director, has served on the Board for more than nine years. The Nomination Committee has reviewed the structure, size, composition and diversity of the Board from a number of aspects, including but not limited to age, gender, nationality, length of service, and the professional experience, skills and expertise, that Dr. Lai can bring. The Nomination Committee is not aware of any circumstance that might influence Dr. Lai in exercising independent judgment, and is satisfied that he has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director and he will be able to maintain an independent view of the Group's affairs. The Board considers him to be independent.

Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

5. Board Independence Evaluation Mechanism

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

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The objectives of the board independence evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The board independence evaluation process also clarifies actions that the Company needs to take to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Board reviews the implementation and effectiveness of the Board Independence Evaluation Mechanism annually. During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

6. Chairman and Chief Executive Officer

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

Dr. Chen Yuhong currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that by holding both roles, Dr. Chen will be able to provide the Group with strong and consistent leadership, and it allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group.

7. Terms of Appointment of Non-executive Directors

Each of the non-executive Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meetings unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

8. Appointment, Re-election and Removal of Directors

According to the articles of association of the Company, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years.

To further enhance accountability, any appointment of an independent non-executive Director who has served on the Board for more than nine years will be subjected to a separate resolution to be approved by shareholders. The reason why the independent non-executive director remains independent and the recommendations to shareholders to vote in favour of the re-election of such independent non-executive Director will be stated in the related circular and notice of the AGM.

Prior to the convening of the annual general meeting of the Company in May 2026, the board of Directors resolved that Dr. Chen Yuhong, Dr. He Ning and Mr. Yeung Tak Bun *J.P.* should retire of which Dr. Chen Yuhong and Mr. Yeung Tak Bun *J.P.* stand for re-election at the annual general meeting in accordance with the requirements under the articles of association of the Company.

9. Board Diversity Policy

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

During the reporting year and as at the date of this report, the Board comprises seven male directors (representing 87.5% of the Board) and one female director (representing 12.5% of the Board). A target of at least 20% female representation on the Board was set as a long term objective by the Board. The Nomination Committee is committed to improving gender diversity as and when suitable candidates are identified. All eight board members are Chinese. They have expertise in IT, asset management, finance, accounting and auditing. There are three senior management members of the Company, two of whom are male (representing 66.7% of the senior management) and one is a female (representing 33.3% of the senior management). As at 31 December 2025, the gender ratio of the Group's workforce (including senior management) was approximately 71.0% male to 29.0% female. Based on the business model of the Company, the gender diversity in respect of the current workforce (including senior management) of the Company is satisfactory. The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board of Directors and senior management, to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation.

10. Directors' Training

According to the Principle C.1 of the CG Code, all directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company encourages all Directors to attend relevant training courses and continuously updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2025, all Directors namely Dr. Chen Yuhong, Dr. He Ning, Dr. Tang Zhenming, Dr. Zhang Yaqin, Mr. Gao Liangyu, Dr. Lai Guanrong, Professor Mo Lai Lan and Mr. Yeung Tak Bun *J.P.* have participated in continuous professional development, including attending seminars or training sessions and reading newspapers, journals and updates relating to economy, general business or directors' duties and responsibilities etc.. The Company also encouraged all Directors to participate relevant courses which enable them to develop and refresh their knowledge and skills for better fulfillment of the directors' duties.

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11. Indemnity of Directors

Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, losses, damages and expenses which any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. During the reporting year, the Company arranged appropriate directors' liability insurance for its Directors and senior management to cover their responsibilities arising from the legal actions against the Directors and senior management in relation to corporate activities.

12. Company Secretary

Ms. Leong Leung Chai, Florence has been the Company Secretary of the Company since 30 August 2013. Ms. Leong is a full-time employee of the Company and assists the Chairman in preparing the agenda of the Board meetings and ensures all relevant rules and regulations of the procedures of such meeting are complied with. The Company Secretary files for and maintains the detailed minutes of each Board meeting, and makes such minutes available and accessible for all Directors.

According to Rule 3.29 of the Listing Rules, Ms. Leong has taken not less than 15 hours of relevant professional training for the year ended 31 December 2025.

D. BOARD COMMITTEES

1. Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 28 June 2005 and the latest amendment of its written terms of reference on 8 April 2026 to comply with the requirement in the CG Code. The terms of reference of the Remuneration Committee, a copy of which is posted on the website of the Company and the Stock Exchange, are in line with the provisions of the CG Code. The primary duties of the Remuneration Committee are to (i) make recommendations to be Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) determine the criteria for assessing employee performance which should reflect the Board's goals and objectives; (iv) make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the of the Group; (v) make recommendations to the Board on the remuneration of non-executive Directors; and (vi) review and approve matters relating to share schemes under Chapter 17 of the Rules.

During the reporting year, the Remuneration Committee comprised four Directors, namely Dr. Lai Guanrong as the Chairman of the Remuneration Committee and Dr. Chen Yuhong, Professor Mo Lai Lan and Mr. Yeung Tak Bun *J.P.* as the members of the Remuneration Committee. Dr. Chen Yuhong is an executive Director, and the remaining members are independent non-executive Directors. Dr. Chen Yuhong will resign as a member of the Remuneration Committee of the Company with effect from 17 April 2026. Such change in composition of the Remuneration Committee forms part of the Board's ongoing review of its committee structure to enhance corporate governance.

Details of attendance of the meeting of the Remuneration Committee are set out as follows:

Name of Directors	Number of attendance
Dr. Lai Guanrong (<i>Chairman</i>)	1/1
Dr. Chen Yuhong	1/1
Professor Mo Lai Lan	1/1
Mr. Yeung Tak Bun <i>J.P.</i>	1/1

The board of Directors considered that the existing terms of appointment and levels of remuneration of the Directors and senior management of the Company are fair and reasonable, and resolved that a review be carried out again in the year ending 31 December 2026.

The Company adopted a share award scheme on 10 December 2018 which is valid and effective for a period of 10 years commencing on 10 December 2018 to serve as an incentive to attract, retain and motivate talented eligible staff, including the Directors. Details of the share award scheme are set out in the Report of Directors and note 40 to the financial statements. The grant of the awarded shares to the Directors has been approved by the Remuneration Committee and the Board (except for the relevant Director who has abstained from voting in relation to the grant of the awarded shares to himself/herself). The grant of the awarded shares to the Directors also forms part of their remuneration packages under their respective service contracts with the Company, and is therefore exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules. The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Remuneration Committee. Details of the Directors' remuneration and five highest paid individuals are set out in note 11 to the financial statements.

2. Audit Committee

The Company established an audit committee (the "Audit Committee") on 2 June 2003 and the latest amendment of its written terms of reference on 8 April 2026 to comply with the requirements in the CG Code. The terms of reference of the Audit Committee, a copy of which is posted on the website of the Company and the Stock Exchange, are in line with the provisions of the CG Code. The Audit Committee is mainly responsible for reviewing and supervising the Group's financial reporting and internal control system. The Audit Committee met at least on a semi-yearly basis during the year ended 31 December 2025.

During the reporting year and as at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Professor Mo Lai Lan as the Chairman of the Audit Committee and Dr. Lai Guanrong and Mr. Yeung Tak Bun *J.P.* as the members of the Audit Committee.

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

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The Audit Committee reports to the Board and is delegated by the Board to assess matters related to the financial statements. Under its terms of reference, the Audit Committee has, amongst others, the following duties:

- making recommendation to the Board on appointment, re-appointment and removal of external auditor of the Group and considering the remuneration and terms of engagement of that external auditor;
- reviewing and monitoring the external auditor's independence and effectiveness of the audit process in accordance with applicable standard;
- reviewing the external auditor's management letter;
- developing and implementing policy on engaging an external auditor to supply non-audit services;
- reviewing the effectiveness of the Group's risk management and internal control systems at least annually, including ESG-related risks, and to report the results to the Board;
- reviewing the Group's financial and accounting policies and practices;
- ensuring that management has fulfilled its duty to establish and maintain an effective internal control and risk management systems;
- ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board;
- reviewing and monitoring the integrity of the Groups' financial statements, annual reports, accounts and interim reports;
- reviewing and monitoring the Company's policies and practices on corporate governance and the relevant legal and regulatory requirements and their compliances;
- ensuring the Group has an effective whistleblowing policy and Anti-corruption framework, and monitoring the implementation.

During the year under review, four meetings were held by the Audit Committee. Details of attendance of the Audit Committee meetings are set out as follows:

Name of Directors	Number of attendance
Professor Mo Lai Lan (<i>Chairman</i>)	4/4
Dr. Lai Guanrong	4/4
Mr. Yeung Tak Bun <i>J.P.</i>	4/4

3. Nomination Committee

The Company established a nomination committee (the “Nomination Committee”) on 28 March 2012 and the latest amendment of its written terms of reference on 8 April 2026 to comply with the requirement in the CG Code. The terms of reference of the Nomination Committee, a copy of which is posted on the website of the Company and the Stock Exchange, in line with the provisions of the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity (including without limitation, professional experience, skills, knowledge, age, gender, education, cultural background and length of service) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; (ii) determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, and in identifying suitable individuals, consider individuals on merit and against the object criteria, with due regard for the benefits of diversity on the Board; (iii) assess the independence of independent non-executive Directors of the Company; (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account the Company’s corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and (v) review the Board Diversity Policy, the measurable objectives that the Board has set for implementing such policy, and the progress on achieving the objectives, and make disclosure of its review results in the corporate governance report annually.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the balance of expertise, skills, experience, gender, age, cultural, educational background, professional knowledge, personal integrity and time commitments of such individuals, the requirements of the business of the Group and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the reporting year and as at the date of this report, the Nomination Committee comprised four Directors, namely Dr. Lai Guanrong as the Chairman of the Nomination Committee and Dr. Chen Yuhong, Professor Mo Lai Lan and Mr. Yeung Tak Bun *J.P.* as the members of the Nomination Committee. Dr. Chen Yuhong as an executive Director, and the remaining members are independent non-executive Directors.

Details of attendance of the meeting of the Nomination Committee are set out as follows:

Name of Directors	Number of attendance
Dr. Lai Guanrong (<i>Chairman</i>)	1/1
Dr. Chen Yuhong	1/1
Professor Mo Lai Lan	1/1
Mr. Yeung Tak Bun <i>J.P.</i>	1/1

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The Nomination Committee reviewed and confirmed the structure, size and composition of the Board and the split between number of executive Directors, non-executive Directors and independent non-executive Directors remained appropriate during the Reporting Year for the Board to perform its duties. The Nomination Committee reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender and assessed the independence of non-executive Directors. The Nomination Committee also reviewed the Board Diversity Policy and Nomination Policy remained appropriate.

The Nomination Committee identifies individuals suitably qualified to become Board members, having due regard to the Board Diversity Policy, Nomination Policy and the needs of the Company by considering the skills, knowledge, experience, expertise, etc. of the proposed candidate and assesses the independence of the proposed independent non-executive director, as the case may be. The Nomination Committee then makes recommendation(s) to the Board. The Board considers the candidate(s) recommended by the Nomination Committee, having due regard to the Board Diversity Policy, Nomination Policy and the needs of the Company. The Board will then confirm the appointment of the candidate(s) as Director(s) or recommend the candidate(s) to stand for re-election at a general meeting of the Company. Candidate(s) appointed by the Board will be subject to re-election by the Shareholders at the next following general meeting in the case of an addition to the existing Board or the first general meeting of the Company after his/her appointment in the case of filling a casual vacancy in accordance with the Articles of Association.

4. Corporate Governance Functions

The Board was responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. During the year, the Board has reviewed the Company's policies and practice on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the CG Code.

E. ACCOUNTABILITY AND AUDIT

1. Director's Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements. The Company's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

2. Internal Control

The Board acknowledges that it has the overall responsibility of the internal control system to enhance the awareness of risk management and assets protection. The internal control system is designed to provide reasonable policies and procedures to manage business risk and to avoid misstatement of the performance of the Group. The Company has a clearly defined organisation chart by functions, an effective filing system to maintain proper records for accounting and business transactions, well established procedures in approving payments and safeguarding the appropriate use of assets. The Company periodically conducted reviews of its financial, operational and risk management control activities to ensure the Group’s compliance with applicable laws and regulations. The Company also reviews its internal control system periodically and report to the senior management of the Company quarterly and to the Audit Committee annually thereafter, taking effective actions on recommendation, if any, to improve its system.

3. Auditor’s Remuneration

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the fees paid or payable to Deloitte Touche Tohmatsu for their professional services provided to the Group are as follows:

	2025 RMB’000
2025 annual audit	7,058
Non-audit related professional services	
– tax advisory services	200
– ESG disclosure advisory services	163
– training services	400
	7,821

F. RISK MANAGEMENT AND INTERNAL CONTROL

1. Accountability

The Board understands that its responsibility is to assess and determine the nature and level of risks that the Group is willing to accept in order to achieve its strategic objectives, and to ensure the Group establishes an appropriate and effective risk management and internal control system. This system is aimed at managing but not eliminating the risk of not reaching business targets, and will provide reasonable but not absolute guarantee that major misrepresentations or business losses will not occur.

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2. Structure of Risk Management and Internal Control Governance

The Board is responsible for the assessing and determining the significant annual risks and continuously monitoring the effectiveness of risk management; ensuring that an appropriate and effective risk management and internal control system is maintained; and annually concluding on the effectiveness of the Group's risk management and internal control system, having considered the work and review results of the Audit Committee every year.

The Audit Committee is responsible for assisting the Board in the assessment and supervising of the risks encountered by the Group, and the design and performance of the relevant risk management and internal control system. It reports to the Board after properly reviewing the Group's effectiveness of annual risk management and the internal control system.

The management is responsible for the proper design, implementation and monitoring of the Group's risk management and internal control system as authorised by the Board, and the confirmation provided to the Board as to the effectiveness of the system.

The risk assessment team is responsible for the coordination of risk identification and assessment procedure, preparation of risk assessment reports, bringing identified risks to the attention of the Audit Committee, and reporting the actions taken in relation to the management of such risks.

The internal audit team is responsible for assisting the Audit Committee to review the effectiveness of the Group's risk management and internal control system, and to conduct independent assessments of the established risk management and internal control system in accordance with the internal audit procedures.

Business divisions and functional department are responsible, in accordance with their duties and the scope of their respective business and functional areas to carry out risk management procedures and internal control measures.

3. Risk Management

The Group is committed to continuously optimising and improving its risk management system with the aim of ensuring the long-term growth and sustainable development of the Group's business by enhancing its risk management capabilities.

3.1 Risk Management Objectives

The objective of corporate risk management is to manage significant risks that the Company is faced with, and take specific responsive and monitoring actions on significant risks, through the establishment of a proper management model and organizational system. The specific objectives are as follows:

- Identify, assess, quantify, respond and manage all current and future significant risks, and contain them at all times at a level and in a scope acceptable to management;
- Establish a consistent and effective monitoring and reporting system for all significant risks;

- Provide reasonable assurance that the Company will comply with the requirements of relevant laws and regulations of external monitoring authorities, and that various departments comply with relevant internal rules and regulations;
- Provide reasonable assurance that significant measures to achieve the Company's targets are properly implemented.

3.2 *Major Processes of Risk Management*

Risk management mainly includes four major areas: risks identification, risks assessment, risks mitigation and risk monitoring and reporting.

Risk identification: each business and functional department conducts, at least once in a year, an identification of potential internal and external risks in its respective operation processes. During risks identification, references are mainly made to the impact the risks have on the Company's objectives, and major problems or risk incidents in the business activities for the past year. Risks identified are summarised and categorised to establish a risk data base.

Risk assessment: according to the risks assessment standards, each business and functional department reviews the risks identified, and assesses the possibilities of occurrence and the extents of impacts in order to screen out the significant risks. The Group adopts a combination of bottom-up and top-down risk assessment procedures to fully identify all of the Group's significant risks, which are then given rankings. Significant risks are then reported to the appropriate management level, Audit Committee and the Board. A final list of significant risks is confirmed after thorough communication and discussion.

Risks mitigation: the responsible department of the identified risks formulates a risk response plan by properly applying methods such as risk avoidance, risk reduction, risk sharing and risk retention, with consideration of the Group's level of risk tolerance. This allows the Group to properly allocate resources for risks response or improvements on risks response measures, with an aim to reduce the overall risk of the Group to an acceptable level.

Risk monitoring and reporting: risk monitoring and reporting are carried out by integrating the use of risk warning indicators, internal auditing and periodic summarised risk reports.

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3.3 Significant Risks

In accordance with the corporate risk management framework, the Group conducted an overall risk audit and assessment in 2025. The following lists the risks of the Group and its major affiliates, the changes in the nature and level of these risks, and the relevant responds measures to prevent or mitigate these significant risks.

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Policies and Regulatory Risk	<p><u>Risk relating to violation of policies, regulations and regulatory requirements</u></p> <p>With the expansion of the Company's business scale and the continued development of its overseas business, and under the complex and changing external environment, the accurate interpretation of and compliance with domestic and foreign markets' regulatory policies, laws and regulations and industrial practices have become a major challenge for the Company. Failing to respond to external regulatory and environmental changes and timely review its compliance with policies will restrict the long-term stable business development of the Company.</p>	<p>The Company has taken practical actions and through continuous resource investment and with the guidance of compliance policy, the Company has established an independent compliance management organizational structure, and constantly strengthens the construction of the compliance management system, as well as enhances the professional capabilities of compliance management.</p> <p>The Company keeps monitoring external regulatory compliance, rules changes for investment in overseas markets and environmental changes, deeply interprets external regulatory changes and requirements based on different business scenarios, decomposes and incorporates them into its business activities and processes to realise compliance management and supervision of all parts of its business operations and provide strong support for its overseas investment and operation.</p> <p>The Company carries out active communication and cooperation with major customers, business partners and other stakeholders to discuss compliance concepts and practices control measures and enhance mutual trust in compliance and collaborative governance.</p>	No change

Risk Type	Risk Item (Key Risks)	Risk Response Plan	Risk Trend
Risk Relating to Market Competition	<p><u>Risk relating to intensifying market competition</u></p> <p>With the development of new technologies and new forms of business such as cloud technology, big data and digitalization and the continuous entry of competitors and the pressure of iterative upgrade of technology acceleration, our customers' requirement of our products and services quality will continue to rise. An enterprise that is lacking innovation capability, unable to fully understand and grasp leading-edge knowledge, timely optimise business layout and timely update of products and services to meet market demands, will not be well recognised by the customers and the society.</p>	<p>With the commitment of improving customer experience as well as technological innovations, the Company has constantly explored and practiced new technologies and methods while striving to provide high quality products and services to its customers. It actively advocates a spirit of innovation, fosters a culture of creativity, applying the concept of Zero Distance Innovation down to the business divisions with a commitment to achieving rapid upgrading of products and services cycles.</p> <p>At the same time, the Company focuses on integrating business innovation activities with risk management, continuously strengthening supply chain management's efficacy and cost control, promoting high-quality development of the Company's business and building a "healthy and win-win" ecosystem with its partners, consolidating competitive advantages, maintaining ongoing collaboration, and safeguarding the leading position.</p>	Increasing
Risk Relating to Business Continuity	<p><u>Risk relating to the disruption of business due to emergencies</u></p> <p>With the deepening of international division of labor and collaboration, it is inevitable that a certain degree of dependence or a high degree of synergy will be established between the Company and its major customers and business partners. In the event of calamities such as natural disasters, public health emergency, social security and network information issues in the regions in which the Company or any business with its major customers and business partners operates, the Company's operations may be partially or completely disrupted, which may have a significant adverse impact on the Company.</p>	<p>By highly emphasizing on the risk management relating to business continuity, the Company has established the BCM organization structure with top-down distributed management structure, and committed to the continuous optimisation and improvement of the system. Emergency and business recovery plans under significant risk scenarios are developed and constantly reviewed and updated, so as to improve the Company's abilities of risks prevention and continuous operation, and ensure the continuity of key businesses and services.</p> <p>Also, the Company continues to deepen the business continuity management and coordination with major customers. It also constantly carries out investigation, analysis and assessment of business continuity risks on the part of supply chain partners and improves the ability to jointly respond to emergencies.</p>	Increasing

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Risk Relating to Social Responsibility	<p><u>Risk relating to inadequate implementation of corporate social responsibility</u></p> <p>Corporate social responsibility is subject to the close attention of investors, regulatory authorities and public opinions. A deficiency in corporate social responsibility will damage the brand reputation of an enterprise, but also restrict the sustainable development of the enterprise.</p>	<p>The Company adheres to the SA8000 Standards and is committed to strengthening the construction of its key CSR modules. To advance its system of social responsibility in terms of cultural values, ideology and labour systems, creating sustained momentum for the long-term development and providing inexhaustible international competitiveness of the Company.</p> <p>In daily operation, the Company proactively performs its social responsibility, fulfills a green and innovative environmental protection concept, and pays attention to the environment and resources by reducing energy consumption. It also actively promotes and practices outstanding corporate citizenship, pays attention to the demands and expectations of stakeholders, and effectively implements social responsibility communication and management.</p>	No change
Risk Relating to Human Resources	<p><u>Risk relating to the market's competition for talents</u></p> <p>To maintain the superb technical and management capabilities of the Company, it relies on a team of high-quality personnel. Under the backdrop of the Company's accelerated business development deploying development strategies in the field of artificial intelligence and the increasingly fierce competition for talents in the industry, it can only attract talents and develop their potentials by investing more in human resources to recruit and retain key talents. All these present a bigger challenge to the optimisation and upgrading of the human resources management and system.</p>	<p>The talent management strategy of the Company remains steadfastly aligned with its strategic development objectives. Consequently, the Company continually refines its management systems for value creation, value evaluation and value distribution. By fostering respect, trust, opportunity, recognition and competitive remuneration in order to cultivate employees' sense of responsibility and mission, thereby attracting exceptional talent, retaining key personnel and sustaining organizational vitality. Through advancing the construction of a cross-domain collaborative system integrating 'human resources, organizational transformation, and innovative talent ecosystem development' to achieve the transformation into an AI-native organization.</p>	Increasing

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Risk Relating to Network and Information Security	<p><u>Risk of improper maintenance of information security</u></p> <p>The Company values the protection of its own and the customers' privacy information and trade secrets, as it understands that the leakage, loss or theft of its own or customers' sensitive information will have a major impact on itself and its customers.</p>	<p>The Company continues to strengthen its information security management mechanism and system construction, puts a lot of focus on key customers' businesses and major risks. Risk factors in business operation pertaining to the threat of information security, network security and privacy are identified with compliance as bottom line. Control measures are put in place to ensure solutions or contingency plans are formulated with 100% coverage. In addition to maintaining the validity of ISO27001 information security certification, the Company has also introduced ISO27701 personal privacy protection certification, ensuring information security, network security and privacy protection awareness are fully popularized and deepened among all employees.</p>	No change
Risks of Artificial Intelligence	<p><u>Risks of the Industrial Revolution Brought by Artificial Intelligence Technology</u></p> <p>The industrial revolution spurred by the accelerated development of artificial intelligence technology is continuously and profoundly reshaping the landscape of the software outsourcing industry. Business models are shifting towards intelligence and diversification, while technical capabilities are advancing comprehensively in automation and intelligence. Market competition dynamics may adjust accordingly due to the rise of emerging enterprises and industry consolidation, with continuous optimization of costs and efficiency. If the Company fails to keep up with technological and market changes, it may face several risks. In terms of business, customers will be easily lost, market share will be seized, and business expansion will be limited. In terms of operating costs, the technological transition period presents upward pressure. If the efficiency improvements fail to keep pace, profit margins will continue to be squeezed. In terms of technology, there will be a lag and disconnection, making it difficult to cope with complex challenges. In the competition of the industry, competitiveness will be reduced or even face elimination.</p>	<p>The Company maintains a keen focus on developments in artificial intelligence technology and evolving customer requirements, steadfastly advancing its 'full-stack, full-scenario AI' strategy. The Company continues to increase resource investment in the AI domain, establishing organisations such as the AIGC Research Institute, BootCamp Combat Unit, and AI JointForce Engineering Academy to confront transformative challenges head-on. Collaborating with premium industry partners, it leverages AI HarmonyOS and AI ERP as core drivers, with AI Industry Cloud and AI Agent serving as foundational pillars. This enables the creation of full-stack, full-scenario AI products, solutions, and services, working alongside clients to co-create a new paradigm for large-model-empowered productive forces development.</p> <p>By driving the practical implementation of AI innovation, the company is accelerating its transformation from traditional IT services to high-value AI services and solutions. This demonstrates its outstanding technological innovation capabilities, further solidifies its industry leadership, and effectively mitigates various risks arising from AI-driven industrial transformation.</p>	Increasing

4. Internal Control

4.1 *Internal Control Objectives*

The Board acknowledges its responsibility to supervise the effectiveness of the Company's internal control system, and a sound and effective internal control system is achieved through a management structure with explicit authorization and internal control accountability. The objectives are:

- to reasonably assure that the enterprise is operated and managed in compliance with the laws and regulations, its assets are safe, and its financial reports and related information are true and complete;
- to enhance operating efficiency and performance;
- to promote the achievement of the enterprise's development strategies.

4.2 *Internal control*

The Group has established an internal control system in accordance with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework, fully integrated with the Group's distinctive business management practices. An internal audit working group has been established to oversee internal control activities. As at 31 December 2025, the Group conducted risk-oriented reviews and evaluations covering daily treasury management, financial reporting management, procurement and inventory, asset management, business operations and receivables processes. Progress on rectifying identified internal control deficiencies was regularly monitored. Management and the Audit Committee reviewed the internal control evaluation report and assessed the effectiveness of the Group's overall risk management and internal control system, encompassing financial controls, operational controls and compliance controls.

The Board considered that, as at 31 December 2025, the Group has established and implemented a closed-loop internal control management mechanism encompassing planning, review, reporting and follow-up. The Group's risk management and internal control systems were effective and adequate, that the Company's procedures on financial reporting and the compliance of the provisions under the Listing Rules were effective and adequate and that matters constituting a material impact of concern that might affect the Group's financial control, operations control, compliance control and risk management functions had been uncovered.

In the process of the review, the Board considered that the configured resources, qualifications, experience of staff of the Group's accounting and financial reporting, as well as their training and budget were adequate and compliant.

4.3 *Inside information*

The Company is aware of and strictly complies with the requirements of the currently applicable laws, regulations and guidelines, including the obligations to disclose inside information under the Securities and Futures Ordinance and the Listing Rules, and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission, at the time when the relevant businesses are transacted. The Group has established the authority and accountability, as well as the handling and dissemination procedures in relation to inside information, and has communicated to all relevant personnel and provided them with specific trainings in respect of the implementation of the continuous disclosure policy.

The Board considers that the Company's handling and dissemination procedures and measures in relation to inside information are effective.

4.4 *Whistle-blowing Policy*

The Company has adopted a whistle-blowing policy to facilitate its employees to raise, in confidence, concerns about possible improprieties in financial reporting control or other matters of the Company.

4.5 *Anti-corruption Policy*

The Company has adopted an anti-corruption policy to strictly prohibits any form of fraud or bribery and to observe and uphold high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times.

G. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company commits to promoting transparency and maintaining effective communication with the shareholders and other stakeholders. A Shareholders Communication Policy has been adopted for ensuring the Company provides the shareholders and the investment community with appropriate and timely information about the Company in order to enable the shareholders to exercise their rights in an informed manner, and to allow the investment community to engage actively with the Company.

The Board strives to encourage and maintain ongoing communication with its shareholders through various channels including but not limited to:

- (i) the publication of corporate documents (including annual report, interim report, announcements, circulars, notices, proxy forms etc.) – to provide the regulatory and financial information of the Company
- (ii) the publication of press releases – to provide latest information of the Company
- (iii) the Company's website at <http://www.chinasofti.com> – to enable the access of a complete, timely and updated information of the Company
- (iv) the Company's general meetings – to encourage direct communications with Directors and the management where enquiries from shareholders will be responded to within a specific timeframe
- (v) email for enquiries – shareholders and other stakeholders may direct their written enquiries to the Investors Relations Department of the Company by email to ir@chinasofti.com.

The Board reviewed the Company's shareholders engagement and communication activities conducted in 2025 and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy of the Company.

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H. SHAREHOLDER'S RIGHTS

1. How shareholders can convene an extraordinary general meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

2. The procedures by which enquiries may be put to the board and sufficient contact details to enable these enquiries to be properly directed

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of Company in Hong Kong at Units 4607-8, 46th Floor, COSCO Tower, No. 183 Queen's Road Central, Hong Kong by post for the attention of the Board.

3. The procedures and sufficient contact details for putting forward proposals at shareholders' meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group be discussed at shareholders' meeting. Proposal shall be sent to the Board by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures as set out above.

I. DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be its goal and endeavors to maintain a dividend policy to achieve such goal.

The Company has adopted a dividend policy which gives priority to distribute dividend in cash and share its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account a number of factors which include but not limited to the Group's financial position and results of operation, the Memorandum and Articles of Association of the Company, the restrictions and requirements under the laws of the Cayman Islands, the banking or other funding covenants which the Company is bound from time to time, the investment and operating funds requirements of the Company, the prevailing economic and market conditions, and other factors the Board may consider relevant and appropriate.

The Board shall have the right to review the dividend policy from time to time as it deems fit according to the financial and business development requirements of the Company.

J. CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2025, there were no changes to the constitutional documents of the Company. An up to date copy of Memorandum and Articles of Association of the Company is available on the websites of the Company and HKEX.

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 1 to the financial statements. During the year under review, there were no significant changes in the Group's principal activities.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 163.

The Directors have recommended the payment of a final dividend of HK\$0.0466 per ordinary share from share premium account of the Company in respect of the year ended 31 December 2025. The proposed dividend payments from share premium account of the Company are subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 20 May 2026 at 2:00 p.m.. Upon shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on Monday, 29 June 2026 to shareholders whose names shall appear on the register of members of the Company on Friday, 12 June 2026.

CLOSURE OF REGISTER OF MEMBERS

- (a) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 14 May 2026 to Wednesday, 20 May 2026, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 May 2026.
- (b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2026.

DISTRIBUTABLE RESERVES

The reserves available for distribution to shareholders as at 31 December 2025 are approximately RMB2,023,636,000.

SHARE CAPITAL

Details of movements in share capital and shares issued of the Company during the year are set out in note 32 to the financial statements.

During the reporting year, no ordinary shares of the Company were allotted, repurchased or cancelled.

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PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the Group's property, plant and equipment are set out in note 14 to the financial statements.

DONATIONS

During the year, charitable donations made by the Group amounted to approximately RMB9,357,000 (2024: approximately RMB5,260,000).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the past five years, as extracted from the audited financial statements, is set out on page 248. This summary does not form part of the audited financial statements.

BUSINESS REVIEW

(i) Review of our business

A review of the business of the Group for the year ended 31 December 2025 as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is set out in the sections headed "Chairman's Letter" and "Management Discussion and Analysis" on pages 3 to 6 and pages 36 to 49 respectively of this annual report.

(ii) Principal Risks and Uncertainties

The management is already aware of the principal risks associated with the Group's business and accordingly estimates and manages all kinds of risks encountered through inspection under the risk internal control system.

(1) Financial Risk

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company (including share capital, share premium, treasury shares and reserves).

The Directors review the capital structure semi-annually. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new shares issues and as well as the issue of new debts or the redemption of existing debt.

Interest rate risk

The Group's fair value interest rate risk is the risk that the fair value of a fixed rate financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed rate term deposits, pledged bank deposits, borrowings with fixed interest rates and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable rate bank borrowings and bank balances which are mainly concentrated on the fluctuation of prevailing interest rate announced by the Peoples' Bank of China in respect of bank loans and HIBOR arising from the Group's HK\$ denominated borrowings. The Group kept certain borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's policy is to obtain the prime rate.

Currency risk

Several subsidiaries of the Company have bank balances and cash, trade receivables, other receivables, financial assets at fair value, trade payables denominated in foreign currencies arising from income generated from provision of services or purchases and the Company's borrowings denominated in HK\$, which expose the Group to foreign currency risk. It is the Group's policy for each operating entity to operate in local currency as far as possible to minimize currency risk. The Group's principal businesses are conducted in RMB. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management. However, the management has kept on monitoring the movement of all foreign currency exposure including that of the foreign currency denominated loans, and will consider hedging significant foreign exchange exposure should the need arise.

Credit risk

The Group conducts business with credible third parties. The Group's policy is that all customers intending to conduct business on credit are required to pass a credit assessment procedure: in order to minimise the credit risk, the management of the Group has delegated specific persons responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's exposure to credit risk is significantly reduced.

(2) Business Risk*Market risk*

Loss of market share is a market risk encountered by the Group. The Group constantly faces fierce market competition in the core markets of the PRC. The financial position of the Group may be adversely affected if it fails to respond to market changes resulting to loss of business to opponents. The Group has professional sales and client management teams and is committed to ensure that the existing clients and business will be retained through competitive quality services and pricing policy.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, safety standard, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

(iii) Significant events after the reporting date affecting the Group

There were no significant events affecting the Group which happened after the reporting date of 31 December 2025.

(iv) Future development of the Group

An indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Letter" and "Management Discussion and Analysis" on pages 3 to 6 and pages 36 to 49 respectively of this annual report.

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(v) Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations; in particular, those that have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

(vi) Environmental Policies and Performance

The Group encourages environmental protection and promotes awareness towards environmental protection in its daily business operation. For the year ended 31 December 2025, the Group is in compliance with international and national environmental standards and implemented green production policies to raise efficiency and minimise both energy consumption and pollutant discharge and the details are set out in the "Environmental, Social and Governance Report" in this annual report. The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's business operation to enhance sustainability.

(vii) Key Relationships with Employees, Customers and Suppliers

As at 31 December 2025, the Group had a headcount of 78,030 employees (31 December 2024: 75,075). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market as well as the minimum wages guideline as prescribed by the local government from time to time.

The Group awards discretionary bonuses to eligible employees based upon profit achievements of the Company and individual performance. The Company has also adopted a share option scheme and share award scheme in order to attract and retain the best available personnel and to align the interests of the employees with the Group's interests. Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality. The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors and officers of the Group during the year ended 31 December 2025.

DIRECTORS

The Directors during the year end and up to the date of this report are:

Executive Directors:

Dr. Chen Yuhong

Dr. He Ning

Dr. Tang Zhenming

Non-executive Directors:

Dr. Zhang Yaqin

Mr. Gao Liangyu

Independent non-executive Directors:

Dr. Lai Guanrong

Professor Mo Lai Lan

Mr. Yeung Tak Bun *J.P.*

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

In accordance with article 87 of the Company's articles of association, one-third of the Directors (who have been the longest in office since their last election) will retire from office by rotation and, being eligible, offer themselves for re-election.

Details of the Directors' appointment and resignation are set out in the Corporate Government Report of this annual report.

DIRECTORS' SERVICE CONTRACTS

Dr. Chen Yuhong has entered into a service agreement as an Executive Director with the Company for a term of two years from 20 June 2003. The service contract shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice.

Dr. He Ning has entered into a service agreement as an Executive Director with the Company for a term of three years from 18 May 2021. The service contract have continued since expiry of such term.

Dr. Tang Zhenming has entered into a service agreement as an Executive Director with the Company for a term of three years from 1 February 2023. The service contract have continued since expiry of such term.

Dr. Zhang Yaqin and Mr. Gao Liangyu have entered into service agreements as non-executive Directors with the Company for a term of three years from 1 October 2014 and 3 July 2017 respectively. The appointment of the non-executive directors have continued since expiry of such term.

Dr. Lai Guanrong, Professor Mo Lai Lan and Mr. Yeung Tak Bun *J.P.* were appointed as independent non-executive Directors pursuant to letter of appointment for a term of two years from 2 June 2015, 15 August 2018 and 22 August 2023 respectively. The appointment of the independent non-executive Directors have continued since expiry of such term.

Details of the Directors' remuneration are set out in note 11 to the financial statements. Save as disclosed in note 11 to the financial statements, there were no other emoluments, pension and any compensation arrangements for the Directors and past Directors which are required to be disclosed under the Listing Rules, or section 383 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) or the Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G, Laws of Hong Kong). Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

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DIRECTORS' INTERESTS IN SHARES

As at 31 December 2025, the following Directors had interests in the shares and underlying shares of the Company and shares in an associated corporation (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) of the Company as set out below and recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of listed issuers.

Long positions in shares of HK\$0.05 each in the capital of the Company ("Shares")

Name	Capacity	Number of issued ordinary shares held	Total approximate % of the issued share capital as at 31 December 2025
Chen Yuhong	Beneficial owner, through controlled corporation, founder of discretionary trust and beneficiary of trust	319,988,861 (Note 1)	11.71%
He Ning	Beneficial owner and beneficiary of trust	6,000,000 (Note 2)	0.22%
Tang Zhenming	Beneficial owner and beneficiary of trust	24,891,765 (Note 3)	0.91%
Zhang Yaqin	Beneficial owner	250,000	0.01%
Yeung Tak Bun	Beneficial owner and beneficiary of trust	1,000,000 (Note 4)	0.04%

Notes:

- (1) Pursuant to the Share Award Scheme (as defined hereinbelow), on 1 June 2020, there were 16,600,000 awarded shares granted to Dr. Chen Yuhong and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited, of which 5,600,000 awarded shares were vested and transferred to Dr. Chen during the year 2021, 5,500,000 awarded shares were vested and transferred to Dr. Chen during the year 2022, 1,650,000 awarded shares were vested and transferred to Dr. Chen during the year 2023, 2,200,000 awarded shares were vested and transferred to Dr. Chen during the year 2024. During the reporting year, 1,650,000 awarded shares were vested and transferred to Dr. Chen. In addition, on 30 August 2023, there were 9,996,000 awarded shares granted to Dr. Chen Yuhong and held by the same trustee, of which 749,700 awarded shares were vested during the reporting year but transferred to Dr. Chen after the reporting year. The remaining awarded shares will be vested by period based on future performance.
- (2) Pursuant to the Share Award Scheme, on 30 August 2023, there were 5,000,000 awarded shares granted to Dr. He Ning and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited, of which 660,000 awarded shares were vested and transferred to Dr. He during the year 2024. During the reporting year, 1,000,000 awarded shares were vested and transferred to Dr. He. The remaining awarded shares will be vested by period based on future performance.

- (3) Pursuant to the Share Award Scheme, on 1 June 2020, there were 7,200,000 awarded shares granted to Dr. Tang Zhenming and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited, of which 1,440,000 awarded shares were vested and transferred to Dr. Tang during the year 2021, 1,440,000 awarded shares were vested and transferred to Dr. Tang during the year 2022, 432,000 awarded shares were vested and transferred to Dr. Tang during the year 2023, 1,008,000 awarded shares were vested and transferred to Dr. Tang during the year 2024. During the reporting year, 1,440,000 awarded shares were vested and transferred to Dr. Tang. In addition, on 30 August 2023, there were 5,000,000 awarded shares granted to Dr. Tang Zhenming and held by the same trustee, of which 375,000 awarded shares were vested during the reporting year but transferred to Dr. Tang after the reporting year. The remaining awarded shares will be vested by period based on future performance.
- (4) Pursuant to the Share Award Scheme, on 30 August 2023, there were 1,000,000 awarded shares granted to Mr. Yeung Tak Bun *J.P.* and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited, of which 200,000 awarded shares were vested and transferred to Mr. Yeung during the year 2024. During the reporting year, 200,000 awarded shares were vested and transferred to Mr. Yeung. The remaining awarded shares will be vested by period based on future performance.

Save as disclosed above and so far as was known to the Directors, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, debentures or underlying shares of the Company or its associated corporations (as defined in 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 he is taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the required standard of dealings by directors of listed issuers as referred to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the year ended 31 December 2025, save as disclosed above, none of the Directors was granted any options to subscribe for shares of the Company. As at 31 December 2025, none of the Directors had any rights to acquire shares in the Company save as disclosed above.

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SHARE AWARD SCHEME

The share award scheme of the Company (the “Share Award Scheme”) was adopted by the Board on 10 December 2018. The Share Award Scheme is valid and effective for a period of 10 years commencing on 10 December 2018 and will expire on 9 December 2028. The purposes of the Share Award Scheme are to recognise the contributions by certain employees (including Directors) and to provide them with incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The vesting of these share awards is subject to the fulfilment of certain performance targets by the employees. The performance targets are related to (i) financial parameters of the Group (such as the revenue, profits and general financial condition of the Group); (ii) non-financial parameters of the Group (such as the Group’s strategic objectives, operational targets and future development plan); and/or (iii) individual performance indicators relevant to the directors and employees’ roles and responsibilities. There is no scheme mandate or service provider sublimit applicable to the Share Award Scheme. As the grant of Awarded Shares to Directors also forms part of their remuneration packages under their respective service contracts with the Company, it is therefore exempt from the reporting, announcement and independent Shareholders’ approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules. Details of the Share Award Scheme are set out in the announcement of the Company dated 10 December 2018 and note 40 to the financial statements.

The board of directors of the Company shall not make any further award of shares which will result in the nominal value of the shares awarded by the board of directors of the Company under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a qualifying employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. As at 1 January 2025 and 31 December 2025, no shares were available for grant under the Share Award Scheme.

On 1 June 2020, the Company had granted a total of 152,000,000 awards to certain Directors and employees of the Company pursuant to the Share Award Scheme, of which 23,800,000 awards were granted to the Directors of the Company. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The 152,000,000 awards represented the value of approximately HK\$604,960,000 with the closing price of HK\$3.98 per share on the date of grant. As at 31 December 2025, 27,008,000 awarded shares granted on 1 June 2020 were unvested, representing 0.99% of the issued share capital of the Company as at 31 December 2025.

On 30 August 2023, the Company had granted a total of 145,460,000 awards to certain Directors and employees of the Company pursuant to the Share Award Scheme, of which 20,996,000 awards were granted to the Directors of the Company. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The 145,460,000 awards represented the value of approximately HK\$740,391,400 with the closing price of HK\$5.09 per share on the date of grant. As at 31 December 2025, 132,043,000 awarded shares granted on 30 August 2023 were unvested, representing 4.83% of the issued share capital of the Company as at 31 December 2025.

Details of share awards granted under the Share Award Scheme during the year ended 31 December 2025 are as follows:

Name or Category of Grantees	Date of Grant	Unvested Awards Outstanding as at		Awards Granted During the Year	Awards Vested During the Year	Purchase Price	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at 31 December 2025
		1 January 2025	Vesting Period							
Chen Yuhong (Executive Director)	1/6/2020	1,650,000	1/6/2020-31/5/2025	-	(1,650,000)	Nil	HK\$5.5785	-	-	-
Tang Zhenming (Executive Director)	1/6/2020	2,880,000	1/6/2020-31/5/2027	-	(1,440,000)	Nil	HK\$5.5785	-	-	1,440,000
Five highest paid employees (excluding director)	1/6/2020	400,000	1/6/2020-31/5/2027	-	(400,000)	Nil	HK\$5.5785	-	-	-
Other Employees	1/6/2020	52,010,000	1/6/2020-31/5/2027	-	(26,442,000) *	Nil	HK\$5.5785	-	-	25,568,000
Total		56,940,000		-	(29,932,000)			-	-	27,008,000
Chen Yuhong (Executive Director)	30/8/2023	9,996,000	30/8/2023-29/8/2030	-	(749,700) ***	Nil	HK\$5.7074	-	-	9,246,300
He Ning (Executive Director)	30/8/2023	4,340,000	30/8/2023-29/8/2030	-	(1,000,000)	Nil	HK\$5.7074	-	-	3,340,000
Tang Zhenming (Executive Director)	30/8/2023	5,000,000	30/8/2023-29/8/2030	-	(375,000) ***	Nil	HK\$5.7074	-	-	4,625,000
Yeung Tak Bun (Independent Non-Executive Director)	30/8/2023	800,000	30/8/2023-29/8/2028	-	(200,000)	Nil	HK\$5.7074	-	-	600,000
Five highest paid employees (excluding director)	30/8/2023	-	30/8/2023-29/8/2030	-	-	Nil	N/A	-	-	-
Other Employees	30/8/2023	122,244,000	30/8/2023-29/8/2030	-	(8,012,300) **	Nil	HK\$5.7074	-	-	114,231,700
Total		142,380,000		-	(10,337,000)			-	-	132,043,000

* 19,220,900 awarded shares vested during the year were transferred to the selected employees after the year end.

** 7,340,300 awarded shares vested during the year were transferred to the selected employees after the year end.

*** These awarded shares vested during the year were transferred to the Directors after the year end.

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Details of share awards granted to the five highest paid individuals (including Directors) under the Share Award Scheme during the year ended 31 December 2025 are as follows:

Date of Grant	Unvested Awards Outstanding as at 1 January 2025	Vesting Period	Awards Granted During the Year	Awards Vested During the Year	Purchase Price	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at 31 December 2025
1/6/2020	4,930,000	1/6/2020-31/5/2027	-	(3,490,000)	Nil	HK\$5.5785	-	-	1,440,000
30/8/2023	19,336,000	30/8/2023-29/8/2030	-	(2,124,700)	Nil	HK\$5.7074	-	-	17,211,300
	<u>24,266,000</u>		<u>-</u>	<u>(5,614,700)</u>			<u>-</u>	<u>-</u>	<u>18,651,300</u>

During the year ended 31 December 2025, no awards were granted under the Share Award Scheme.

Each of the above awards represents a conditional right to receive one awarded share subject to certain terms and conditions of the grant of such awards. The awarded shares will be settled by way of existing issued shares of the Company held by the independent trustee of the Share Award Scheme of the Company. During the year ended 31 December 2025 and 31 December 2024, no shares of the Company were acquired from open market by the independent trustee of the Company. As at 31 December 2025, 221,540,466 shares (2024: 239,846,214 shares) of the Company were held by the independent trustee of the Company, representing 8.11% (2024: 8.78%) of the total issued ordinary share capital of the Company as at 31 December 2025.

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the year ended 31 December 2025.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the Directors, or their spouses or children under 18 years of age, had any rights to subscribe for the shares of the Company, or had exercised any such rights during the period.

DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at 31 December 2025, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at 31 December 2025, none of the Directors were materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiary, its holding company or any subsidiary of its holding company was a party and in which a Director or entities connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

During the year, the Group had conducted "continuing connected transactions" which constituted fully exempted transactions under Chapter 14A of the Listing Rules. These connected transactions have been entered into under normal commercial terms and in the ordinary and usual course of business, and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole. Since the highest applicable percentage ratios involved in these transactions are less than 0.1%, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year are set out in note 43 to the consolidated financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers accounted for approximately 56.72% (2024: 55.34%) of the Group's total turnover and the Group's largest customer accounted for approximately 42.21% (2024: 40.85%) of the Group's total turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers was approximately 35.82% (2024: 31.05%) of the Group's total purchases and the Group's largest supplier accounted for approximately 10.92% (2024: 8.54%) of the Group's total purchases.

None of the Directors, their associates, or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the five largest suppliers or customers of the Group.

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SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at 31 December 2025, the following persons (not being a Director or chief executive of the Company) had interests in the shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Name	Nature of interest	Approximate number of Shares	Approximate percentage of total issued ordinary share of the Company
Bank of Communications Trustee Limited (Note 1)	Trustee	221,540,466	8.11%
Prime Partners Development Limited (Note 2)	Beneficial Interest	140,572,725	5.15%

Notes:

- (1) On 10 December 2018, the Company entered into a trust deed to appoint Bank of Communications Trustee Limited as trustee of the trust and to manage the trust fund and to administer the Share Award Scheme of the Company.
- (2) Dr. Chen Yuhong is deemed to be interested in 140,572,725 Ordinary Shares and through Prime Partners Development Limited, which is wholly owned by Dr. Chen Yuhong.

Save as disclosed above, as at 31 December 2025, no other interest or short position in the Shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO.

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

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme and share award scheme as an incentive to the Directors and eligible employees, details of the scheme is set out in note 40 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of Directors (on a named basis) and the five highest-paid employees (including the senior management of the Group) are set out in note 11 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, the Company has maintained the prescribed public float of more than 25% of the issued share capital required under the Listing Rules since the Listing Date.

COMPETING INTERESTS

As at 31 December 2025, none of the Directors of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business apart from the Group's business which competed or might compete with the business of the Group.

AUDITOR

There was no change in auditor of the Company in any of the preceding three years. A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Dr. Chen Yuhong

Chairman & Chief Executive Officer

Beijing, 26 March 2026

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INTRODUCTION TO THE REPORT

As an industry-leading global software and information technology services company, Chinasoft International understands that the sound development of an enterprise is closely connected to good environmental, social and governance (hereinafter referred to as “ESG”) performance. The Group attaches great importance to ESG work and actively practices corporate social responsibility in various dimensions, including product responsibility, social responsibility, green innovation and employee care, so as to build a solid foundation for the long-term development of the enterprise, power its international competitiveness, and contribute indispensable corporate strength to economic prosperity, social progress and environmental protection.

This report is guided by the relevant policies, philosophies and objectives of the Group, and provides a comprehensive account of the Group’s key initiatives, significant events and outstanding performance in environmental, social and governance aspects in 2025.

SCOPE OF THE REPORT

This report covers the period from 1 January 2025 to 31 December 2025 (hereinafter referred to as the “Reporting Period”), and some contents may exceed the abovementioned period due to explanation needs. This report covers the headquarters and affiliated companies of Chinasoft International Group (hereinafter referred to as the “Group” or “Chinasoft International”).

BASIS OF PREPARATION

This report has been prepared in compliance with the Environmental, Social and Governance Reporting Code (the “ESG Code”) as set out in Appendix C2 of the Listing Rules of the Hong Kong Stock Exchange, with reference to the Global Reporting Initiative (the “GRI”) issued by the Global Sustainability Standards Board (GSSB). The governance of the Group is set out in the Corporate Governance Report section of the annual report.

DATA DESCRIPTION

The financial data in this report is derived from this annual report of the Group, and other statistics include the headquarters and affiliated companies of Chinasoft International Group unless otherwise stated. Currency amounts in this report are denominated in RMB unless otherwise stated.

REPORTING PRINCIPLES

- **Materiality:** The materiality of the Group’s ESG issues is determined by the Board and the process of stakeholder communication and identification of material issues and the materiality matrix are disclosed in this report.
- **Quantitative:** The statistical criteria, methods, assumptions and/or calculation tools for the quantitative KPIs in this report, as well as the sources of the conversion factors, are described in the report explanatory notes.
- **Balance:** This report presents the Group’s performance for the Reporting Period in an unbiased manner so as to avoid statements that may unduly influence the decisions or judgements of the readers of the report.
- **Consistency:** The statistical methods used to disclose data in this report are consistent.

ESG GOVERNANCE STATEMENT FROM THE BOARD

The Group and the Board strictly comply with the requirements of the Code of Corporate Governance for Listed Companies of the China Securities Regulatory Commission and the Environmental, Social and Governance Reporting Code of the Stock Exchange of Hong Kong, and continuously improve the Group's ESG management system, integrating ESG factors into the Group's strategic decision-making and business lifecycle.

The Board of Directors assumes ultimate responsibility for the Group's ESG-related matters and is fully responsible for formulating and supervising the implementation of ESG strategy, risk control and performance assessment, ensuring ESG goals align with the development trend of the Group. The ESG Working Committee under the Board of Directors is chaired by the Chairman of the Board of Directors and CEO, with the heads of the business units and the functional departments serving as members. It is responsible for promoting the implementation, tracking and reporting on key issues, ensuring that ESG management covers all levels of the Group's organizational structure, and reporting to the Board of Directors on a regular basis.

During the Reporting Period, the Board of Directors focused on the refinement of the Group's ESG strategy and governance concepts, actively advanced the progress of low-carbon transition, and conducted regular reviews of the performance of the environmental targets, as well as continuously intensified research and development innovation and enhanced the resilience to climate change. This report discloses in detail the progress and formulation of the Group's ESG work and targets for 2025, which have been approved by the Board of Directors.

TOPIC: DIGITALISATION EMPOWERS NEW QUALITY PRODUCTIVE FORCES AND EXPLOITS NEW WAYS FOR HIGH-QUALITY DEVELOPMENT

Against the backdrop of the deep integration of the digital economy and the real economy, the Group continues to develop and unleash new quality productive forces, focusing on the development of digital technology capabilities and the practical application of these technologies in scenarios. Through digital empowerment of green scenarios, intelligent infrastructure upgrades, technology-oriented public services, digital support for rural revitalization and other initiatives, the Group has consistently been exploring pathways for the synergistic development of technological innovation and social value, to enhance industrial efficiency and optimize resource allocation, as well as to drive improvements in public service capabilities, so as to continuously inject impetus into high-quality development.

1. DIGITAL EMPOWERMENT OF GREEN SCENARIOS COLLABORATIVELY ADVANCES QUALITY AND EFFICIENCY IMPROVEMENT

In the process of green transformation, low-carbon development is reflected not only in the optimization of the energy mix, but also in the systematic upgrading of operational process, energy management and collaborative models. Focusing on corporate operational management, energy infrastructure, office collaboration and other key areas, the Group is driving the deep integration of digital technologies with business processes to enhance resource allocation efficiency and energy management capabilities, thereby providing digital support for green transformation of the organisation.

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- **Restructuring business process to improve operation efficiency**

To address issues such as complex processes and delayed responses throughout the Leads to Cash (LTC) management of the organisation, the Group has launched R1-EIMOS, a platform supporting digital and intelligent enterprise transformation, which, centering on the “4A structure”, supports comprehensive reengineering and closed-loop management of business processes. The platform focuses on key sections such as marketing, sales, contracts, orders, production, delivery and collection, enabling online process management, visualization and risk early warning management.

An intelligent equipment manufacturer applied the automated contract/order fulfillment solutions, which shortened its contract performance cycle by 50%, increased its capital turnover by 30%, and improved its inventory turnover by 16%. After adopting the sales project management and intelligent contract management solutions, Hangzhou Q Electric Group saw a 55% increase in performance efficiency, a 43% improvement in the matching rate of resources to opportunities, and a 45% growth in the accuracy of account reconciliation and write-offs. Through process standardization and data-based management, a company is able to improve operation efficiency and optimize resource utilization.



- **Optimizing the management of energy facilities to improve energy efficiency**

In the new energy charging sector, Shenzhen Kaihong Digital Industry Development Co., Ltd. (Shen Kaihong), which was co-founded by Chinasoft International as a founding shareholder, has developed a smart charging station demonstration project based on OpenHarmony – KaihongOS jointly with Qianhai & Shekou Power Supply. The Dianhong Omnichannel IoT Platform enables plug-and-charge functionality, vehicle and lock linkage and flexible power regulation for charging piles, ground locks, cameras and other devices, supporting the coordinated management of near-field and remote operation and maintenance. In particular, project deployment efficiency has increased by over 80%; vehicle and lock linkage and the plug-and-charge mode have reduced charging time by more than 30%, with user satisfaction exceeding 95%; the combination of near-field and remote operation and maintenance has shortened response time by 40% and reduced on-site maintenance frequency by 60%; and the flexible control mechanism has reduced power load fluctuations at the charging station by 25%. Through digital means, the project has helped customers improve facility operation efficiency and energy allocation capabilities, thereby enhancing the utilization of new energy sources.



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In the energy and power sector, the Group has launched digital and intelligent energy and power solutions that integrate AI, AIoT and ERP, covering areas such as power generation, transmission, transformation and dispatch. In terms of the solar storage and charging zero-carbon projects, the interactivity of real-time AIoT sensing with digital twin simulation has significantly improved the consumption rate of renewable energy sources. In the distributed energy management scenario, system fault recovery time has reduced from hour level to minute level, enhancing the operational stability and responsiveness of energy systems.

- **Promoting green collaborative office to enhance operation efficiency of the organization**

In the collaborative office sector, Shen Kaihong has launched the OpenHarmony-based “Kaihong Bot Series” products (BotBook, BotMini), enabling multi-device collaboration, file synchronization, and seamless audio-visual streaming, as well as supporting AI smart assistant functionality. Leveraging a centralized operating system and distributed collaborative capabilities, the products reduce the switch between devices and redundant information processing, thereby enhancing the efficiency of remote collaboration. The products have been showcased at the Consumer Electronics Innovation Conference (CEIC), representing an excellent application practice of digital office solutions in enhancing organizational collaboration efficiency in the industry.



2. INTELLIGENT INFRASTRUCTURE UPGRADING IMPROVES RESOURCE UTILIZATION EFFICIENCY

In the infrastructure sector including transportation, the complex equipment systems, confined operating environment, and frequent manual inspections often lead to low management efficiency, high energy consumption, delayed emergency responses and other issues. Focusing on enhancing the operational safety and resource utilization efficiency of public infrastructure, the Group leverages the OpenHarmony technology to promote equipment interconnectivity and the development of remote management and control capabilities, achieving a transition from decentralized control to centralized management. By using digital and intelligent methods, it optimizes operation and maintenance models, reduces energy consumption, and improves the operation stability of systems.

In Hebei Expressway Group's "JiHong" smart tunnel project, the Group partnered with Huawei to implement the first full-scale OpenHarmonyOS deployment in a highway scenario in the country based on the OpenHarmonyOS system. Leveraging the distributed soft-bus capabilities of KaihongOS, the project has enabled interconnectivity among system equipment for ventilation, lighting, fire protection, monitoring and power supply, eliminated protocol barriers between devices of different brands, and established a unified model, to support a long-distance visual, managerial and controllable model. Since the system was launched, emergency response time has been reduced to within one minute, and manual inspection workloads have decreased by approximately 80%. Through ecosystem-certified devices that enable plug-and-play functionality without debugging, equipment replacement time has been shortened by 90%, and the equipment deployment rate has increased from 56% to 95%. In addition, through system interaction and refined control, the energy consumption by tunnel lighting was reduced by 50%, and the number of connected cables was reduced by 70%, thereby enhancing energy efficiency while ensuring operation safety. This project has been awarded the "Mao Yisheng Science and Technology Special Prize", representing a practical case for the intelligent upgrading of transportation infrastructure.

3. TECHNOLOGY-ORIENTED PUBLIC SERVICES INTELLIGENTLY EMPOWER A BETTER LIFE

Focusing on smart cultural tourism, smart healthcare, community services and other public welfare sectors, the Group has advanced the upgrade of digital services from function superposition to scenario integration, and enhanced public service accessibility and user experience by leveraging the Harmony ecosystem and AI technological capabilities, thereby contributing to the development of user-focused intelligent living scenarios.

In terms of developing HarmonyOS-native applications and meta-services, the Group continued to advance large-scale implementation, supported the delivery of over 800 HarmonyOS-based applications in aggregate and launched more than 7,500 meta-services covering a number of sectors including cultural tourism, e-government and healthcare. In the smart healthcare sector, the Group launched healthcare meta-services that enabled the synchronization and analysis of health data among multiple devices, allowing users to view and manage their personal health information across devices, thereby enhancing the efficiency of health data utilization and service continuity. In the smart cultural tourism sector, the Group launched meta-services including "LeYou Weihai", "Travel in Zhejiang" and "Jinggangshan" together with provincial cultural tourism bureaus, scenic spots and hotels. By integrating HarmonyOS capabilities and AI technologies, the Group delivered an intelligent tourism experience where services seamlessly connected users across the region. Several cultural tourism meta-services ranked among the top 100 in Huawei's cultural tourism sector in terms of the number of daily active users, and the solutions involved received the "2025 HDC Harmony Ecosystem Excellent Solution Award".

4. DIGITALIZATION SUPPORTS RURAL REVITALIZATION, SCIENCE AND TECHNOLOGY HELP SHAPE A NEW GOVERNANCE LANDSCAPE

Focusing on the integrated development of urban and rural areas and the housing needs of talents, the Group supported local governments in advancing the digital management of affordable housing, leveraging its cloud service capabilities, so as to enhance the efficiency of housing resource allocation and the transparency of services. The establishment of a process-oriented online management platform has facilitated the implementation of policies and the improvement of public services, and played an active role in retaining talent and promoting coordinated regional development.

In the Gui'an New District, leveraging its CTSP cloud service capabilities, the Group developed the "Gui'an Talent Connect" digital platform for local affordable housing platform, achieving online whole-process management of the affordable housing resources from listings, lottery draws to contract signing, to promote the standardized operation of the talent housing program. Based on Huawei Cloud technology, the platform adopted CCE container engine to establish a microservice framework and enabled full-link application monitoring by integrating AOM; supported high-concurrency data processing by combining RDS with DCS Redis, ensuring high availability and response in seconds during peak periods for the housing inquiries and lottery draws; and also equipped with HSS host security, container security and cloud firewall (CFW) to meet Grade 3 compliance requirements under the Grading Information Security Standards 2.0, and achieved 24/7 stable operation through ELB and AOM operation and maintenance system. The platform has released over 1,500 housing units and received more than 2,300 orders in total, which effectively improved the implementation efficiency of affordable housing policy and supported talent housing and regional development.

1. RESPONSIBILITY MANAGEMENT

Chinasoft International has established a comprehensive responsibility management system to coordinate and advance ESG management, risk management and anti-corruption management, so as to continuously improve its governance standards and compliance capabilities and strengthen the foundation for sustainable development.

1.1 ESG MANAGEMENT

The Group regards ESG management as a core component of its responsibility management. Upholding the principle of sustainable development, the Group is committed to deeply integrating ESG concept into its corporate strategy, thereby providing a solid foundation for high-quality and sustainable development of the organisation.

ESG Philosophy

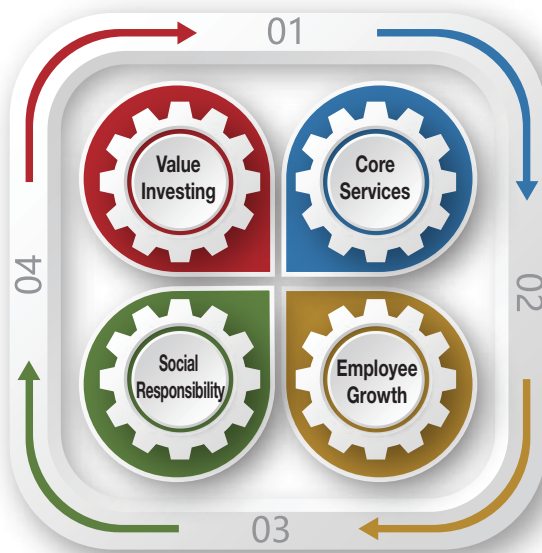
Adhering to the ESG development policy of "AI Driving, Innovation Leading, Green Collaboration and Shared Value", the Group is committed to becoming a leading digital and sustainable enterprise in the world. The Group has deeply integrated the environmental responsibility, social responsibility and corporate governance into its core strategy of "Full-Stack and Full-Scenario AI". With foundational information technology services as the "body" and "AI+HarmonyOS" and "AI+ERP" as the two wings, the Group has established a business framework with "one body and two wings", and has been building a resilient and competitive organization on an ongoing basis, so as to build a sustainable future together with all stakeholders.

The Group has been consistently deepening the integration of ESG concepts into its business strategy. By closely cooperating with stakeholders, we aim to achieve simultaneous growth in commercial value, social value, and environmental benefits, positioning ourselves as a pioneer in sustainable development in the industry. In 2025, the Group’s ESG philosophy is divided into the following four aspects:

<p>Shared Value and Strategic Investment</p>	<p>Focusing on its core strategy of “Full-Stack and Full-Scenario AI”, the Company has established a business framework with “one body and two wings”: with foundational information technology services as the “body”, to solidify the foundation for development; with “AI+HarmonyOS” and “AI+ERP” as the “two wings,” to intensify independent innovation and industrial intelligence. Through strategic investment and ecosystem mutual development, we aim to break core technology monopolies, so as to create long-term, stable and comprehensive value for shareholders, customers and society, and contribute to China’s technological self-reliance and industrial security.</p>
<p>Core Services and Technological Innovation</p>	<p>Leveraging our extensive experience in the sectors including large AI models, proprietary software ecosystems and digital transformation, we provide clients with a full stack of services from strategic consulting to technology accomplishment. With the “Chinasoft International Model Workshop” platform, we offer LMOps services and Agent development capabilities based on large models like DeepSeek, empowering intelligent transformation across a diversity of industries. By establishing the “AI+Ecosystem Global Expansion Alliance,” we cooperate with partners to expand into international markets and export Chinese digital solutions.</p>
<p>Social Responsibility and Green Operation</p>	<p>We actively fulfill our commitment to low-carbon development by integrating green concepts into our product research and development, solutions and daily operations. Leveraging our expertise in digital technology and digital environmental protection, we provide customers with intelligent and green transformation services. In addition, we actively participate in public welfare undertakings, such as community development, education support, and etc. and regard the protection of human rights, data security and privacy protection as cornerstones of fulfilling our social responsibility.</p>
<p>Employee Development and Organization Empowerment</p>	<p>Adhering to the values of “sharing, creating and growing together”, we have been establishing and improving a dual-channel career development system. Focusing on cutting-edge sectors such as AI, we enhance employee skills training and examination, actively foster an open, inclusive and innovative organizational atmosphere, and improve team cohesion and talent competitiveness, so as to support the mutual growth of our employees and the organisation.</p>

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- Concentrate resources on areas that will contribute to the leapfrog development of domestic software service industry for value creation
- Adhere to low-carbon operation and green office internally; leverage its “digital environmental protection” business capabilities for customers to build a green production and lifestyle



- In terms of business layout, become the strategic supplier and professional consultant of customers with the support of technical officers with an extensive understanding of existing technology prospects, business processes and practice
- Share, create and grow together with employees to allow them to develop with dignity

Chinasoft International's ESG Philosophy

ESG GOVERNANCE FRAMEWORK

Regarding ESG as the strategic foundation and compliance baseline for corporate development, the Group has established a three-tier ESG governance framework with clearly defined responsibilities and high efficiency, centred on the governance, management and executive levels. The Group firmly implements a top-down governance structure to ensure that ESG work is advanced in a systematic and professional manner, and the Board of Directors assumes the ultimate responsibility for the Group's ESG strategy and overall performance.

<p>Strategy and ESG Management Committee of the Board</p>	<p>Led by the chairman of the Board, it is responsible for considering the Group's ESG strategic plan, monitoring progress toward targets, assessing material ESG risks and opportunities, reviewing ESG reports, and engaging external ESG consultants to provide professional support.</p>
<p>ESG Management Committee</p>	<p>It is led by the CEO and assisted by the secretary of the Board, comprising of the heads of functional departments and business units. It is responsible for formulating specific ESG strategies and goals, coordinating resources to support implementation, establishing ESG performance evaluation mechanisms, and reporting regularly to special committees under the Board.</p>
<p>ESG Working Group</p>	<p>Led by the Board Office, it comprises of ESG officers from various business and functional departments. It is responsible for day-to-day operations, including the implementation of ESG policies, data collection, risk identification and mitigation and report preparation, ensuring that ESG is integrated into all aspects of business, including strategic planning, business delivery, park operation, internal control, risk management, employee development, compensation and benefits, and process building, among others.</p>

STAKEHOLDER COMMUNICATION

The Group always maintains close communication with all stakeholders and establishes diversified communication channels to collect feedback and suggestions from stakeholders through surveys and statistics, including government and regulatory authorities, shareholders and investors, customers, employees, suppliers and other partners, industry associations, communities, environmental organizations, and the general public, and to respond to them in a timely manner. In 2025, the Group identified its environmental, social and governance priorities based on the results of surveys and statistics, and collated and formed a stakeholder communication table, which provided the foundation for the Group's identification of material issues.

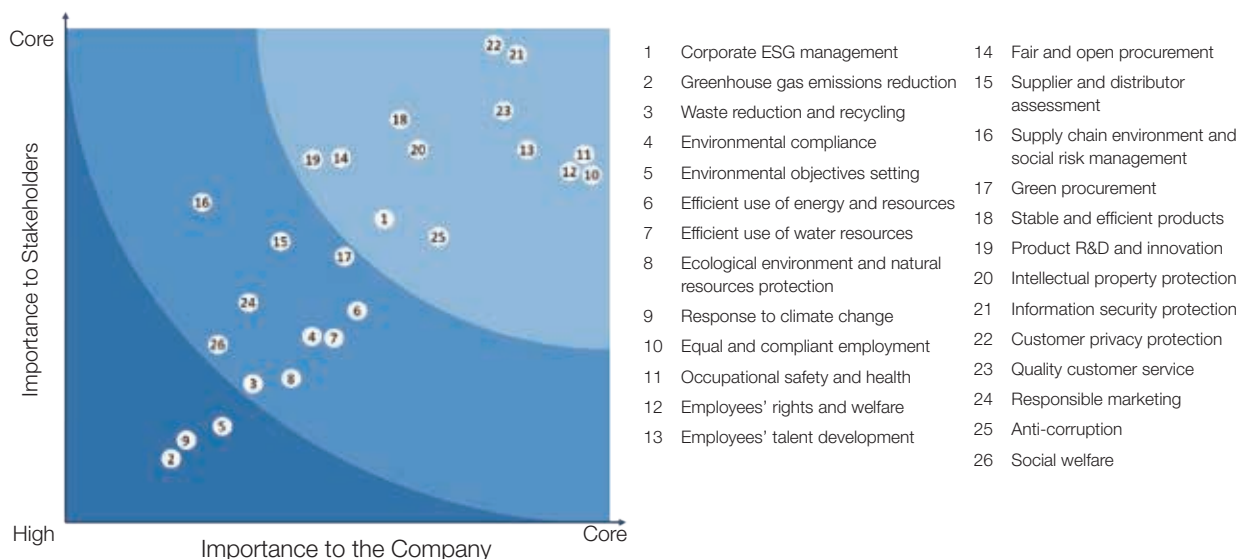
Stakeholders	Expectations	Communication channels
Government and regulatory bodies	<ul style="list-style-type: none"> • Compliance with laws and regulations and the Listing Rules • Integrity in the business • Payment of taxes according to the law • Assured product safety • To drive forward the technological progress 	<ul style="list-style-type: none"> • Study of policy and guidance documents • Participation in meetings and trainings organised by relevant authorities and associations • Work closely together with relevant authorities during review and inspections • Telephone, email and face-to face communication
Shareholders and Investors	<ul style="list-style-type: none"> • Continuous improvement of business performance • Compliant operations • Sound corporate governance • Timely and full disclosure of information • Considerable investment return 	<ul style="list-style-type: none"> • Convene shareholders' and investors' meetings • Publish financial reports, announcements and other information • Publish news and information via company's websites • Telephone, email and face-to-face communication with investors
Customers	<ul style="list-style-type: none"> • To assure product and service quality • To ensure delivery on schedule and to perform product responsibility • To ensure the security of customer information • To meet the diverse needs of customers 	<ul style="list-style-type: none"> • Carry out surveys on customers' requirements • Carry out customer service satisfaction questionnaire • Telephone, email and face-to-face communication with customers

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Stakeholders	Expectations	Communication channels
Employees	<ul style="list-style-type: none"> To protect the interests of employees Caring for occupational health of employees To ensure workplace safety To provide training and development opportunities To offer fair and reasonable remuneration packages 	<ul style="list-style-type: none"> Conduct questionnaire surveys on organizational ambiance Organise regular meetings and employee discussion forums Organise parties and interactive activities for employees and their families Establish online communication and Q&A platforms Telephone, email and face-to-face communication with employees
Suppliers	<ul style="list-style-type: none"> Open, equitable and fair procurement Fulfilment of contracts, creation of mutual benefits and win-win situations Stable demand and common development 	<ul style="list-style-type: none"> Conduct assessments and interviews through on-site visits Telephone, email and face-to-face communication with suppliers
Community	<ul style="list-style-type: none"> To protect the social environment To support community development Equal opportunity employment and protection of human rights 	<ul style="list-style-type: none"> Maintain networking and dialogue with the community Participate in community activities Make charitable donations
Public and media	<ul style="list-style-type: none"> Full and transparent disclosure of information Timely feedback to external inquiries Sustainable business development 	<ul style="list-style-type: none"> Publish financial reports, announcements and other information Publish news and information via company's websites and social media Establish communication channels such as telephone, email and Internet communication platform

SUBSTANTIVE ISSUE IDENTIFICATION

In accordance with Appendix C2 “the Environmental, Social and Governance Reporting Code” of the Listing Rules of the Stock Exchange of Hong Kong and international standards, based on the stakeholder communication and the actual situation of the Group, the Group assessed the “materiality to the stakeholders” and the “materiality to the Group” of relevant ESG issues respectively, and identified and prioritized the material issues, to form a matrix of material issues and to disclose the management measures and performance for key issues in this report accordingly.



Chinasoft International Material Issues Matrix and List

1.2 RISK MANAGEMENT

The Group strictly complies with the *Company Law of the People's Republic of China* and the *Accounting Law of the People's Republic of China*, and fully implements the *Basic Standards for Enterprise Internal Control* and its application guidelines, as well as the *Corporate Governance Code*, *the Standards on Corporate Governance of Listed Companies*, *the Guidelines for Comprehensive Risk Management of State-Owned Enterprises* and other regulatory requirements. We actively align with the standards such as the *Enterprise Risk Management Framework*, *ISO 31000:2018 Guidance for Risk Management*, and *GB/T 35770-2022 Compliance Management Systems – Requirements and Guidance for Use*, to continuously enhance our comprehensive risk management capabilities, so as to effectively prevent various risks and ensure the safe and stable operation of the Group.

Development of a Comprehensive Risk Management System

The Group places great emphasis on risk prevention and management, by formulating and implementing the *Comprehensive Risk Management Policy*, *the Comprehensive Risk Management System* and other core documents, which clearly define key elements including risk identification, assessment, mitigation, monitoring and reporting, among others, so as to provide a normalized and standardized closed-loop management mechanism for various core risk management activities. During the Reporting Period, the Group met the certification requirements under the Business Continuity Management System. There were no major risk incidents, and no significant risk hazards were found through routine self-inspections conducted by all business units, demonstrating the remarkable effectiveness of risk control.

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- **Risk Management Framework**

The Group has established a multi-tier comprehensive risk management organizational structure with clear responsibilities, and the Board of Directors assumes the ultimate responsibility for risk management. It has three lines of defense comprising of business units, the internal control and risk management department and the internal audit department. With cross-departmental “virtual teams”, the Group promotes information sharing and collaborative interactivity, removes barriers to achieve efficient transmission and closed-loop management of risk information, and strengthens collaboration and supervision at all levels, thereby enhancing the effectiveness of risk prevention and control in all respects.

The first line of defense	Business units	<ul style="list-style-type: none"> • The head of each functional department is the primary responsible person for risk management within that department; the head of each business unit and the business head of each subsidiary are the primary responsible persons for risk management within their respective units; and the process GPO/OWNER is the primary responsible person for risk management within the areas of that process; • Establish a risk management framework that aligns with the organization’s risk profile; identify the specific departments, teams or positions responsible for internal control and risk management functions; allocate sufficient and appropriate professional personnel for discharging responsibilities, and provide them with adequate resources, independence and authority; • Take necessary measures to ensure that risk management policies and processes are understood and implemented.
The second line of defense	Internal control and risk management department	<ul style="list-style-type: none"> • Promote the development and improvement of a comprehensive risk management system; strengthen connection and collaboration among internal control and risk management departments at all levels; and enhance connection and collaboration among the departments responsible for managing specific risks, such as information security risk, legal risk and liquidity risk; • Responsible for conducting research on risk management techniques and methodologies, and sharing research findings within the department; • Develop risk management policies, systems and processes, evaluate the same regularly and make adjustments as necessary; • Collect and maintain risk management information and data; • Perform other duties related to risk management.

The third line of defense	Internal audit department	<ul style="list-style-type: none"> Review and evaluate risk identification, risk assessment processes, risk mitigation measures and the effectiveness of internal control, and issue a specialized audit report; Procure relevant functional departments, business units and subsidiaries to make rectification of audit issues; monitor the progress of such rectification and report to the Board of Directors and the Executive Committee of the Board thereon.
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Risk Monitoring and Early Warning

The Group continues to optimize its risk monitoring and early warning mechanism and improve supporting rules and policies such as *the Process for Reporting and Handling Non-compliance Risks* and *the Risk Management Platform User Manual*, to achieve dynamic management of the whole process encompassing identification beforehand, in-process monitoring, handling afterwards and supervision reporting. Leveraging risk monitoring models (for example, AI-based risk governance), the Group issues real-time warnings and intervenes promptly to effectively prevent the occurrence of major risks.

- **Specific measures for risk management:**

- By using internal control and compliance review tools, we improve the process performance indicators and key risk indicators in some process documents and monitor the adaption of process operation to risk control on an ongoing basis.
- We have an operation and maintenance risk management system in place that digitizes risk reporting, report generation and offline execution, thereby improving risk management efficiency.
- Encourage major business units to develop and apply risk early-warning systems to monitor in real time and issue early warnings on ultra-long-term indicators, thereby enhancing risk response capabilities.
- Implement focused monitoring of major risks that could cause business disruptions, and use preventive management measures such as identification, monitoring and drills to reduce the probability of occurrence and mitigate potential impacts.
- Efficiently support business needs by providing data and information retrieval services, ensuring information security and business continuity in all respects.

Internal Control System Development

The Group employs a systematic internal control to ensure standardized and efficient operation. It has formulated internal management rules and regulations, including the Internal Control Management Measures and the Internal Control and Compliance Review Management System, and conducted routine reviews and optimization thereof to support the Company's stable operation and sustainable development.

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In 2025, the Group continued to promote the development of an internal control culture. Specific internal control management measures include:

- incorporating internal and external requirements into control mechanism, and improving risk control in the design of systems and processes by reviewing internal control and compliance;
- conducting risk self-inspections by business units to identify in advance and promptly respond to risks, thereby enhancing their risk control capabilities on an ongoing basis;
- conducting routine compliance testing for the Group's focus areas of management to enhance the implementation of rules and ensure compliance.

1.3 INTEGRITY MANAGEMENT

The Group always adheres to the principle of operating with integrity, and regards business ethics as the basic criteria for its operation and development. It strictly complies with laws and regulations including the Company Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition, and the Auditing Law of the People's Republic of China, etc. It has always held a zero-tolerance attitude towards the violation of business ethics, and vigorously upheld a fair and transparent market order, enhancing corporate reputation with integrity and compliance.

The Group has established a comprehensive integrity and compliance system. In accordance with national laws and regulations, industry regulatory requirements and the HKEX Listing Rules, the Group has formulated and refined the Business Conduct Guidelines for Management Members, the Code of Conduct for Employees, the Employee Handbook and other internal management systems, forming a compliance management framework with clearly defined responsibilities and standardized processes, which provides a solid institutional foundation for integrity management.

In 2025, to continuously improve the integrity and compliance management level, Group advanced integrity and compliance related work both internally and externally. The specific measures are as follows:

Internal control	<p>We have strengthened integrity management for key positions by requiring management members to sign the Integrity Commitment Letter to clearly define behavioral standards and enhance the awareness of integrity and self-discipline; adopted a declaring mechanism for relatives and affiliates to enhance the control over conflict of interests and prevent the risk of transferring benefits by making use of their authority; in addition, we have launched a “de-registration inquiry” functionality to prudently disclose information on the person who has seriously violated discipline and regulations, thereby enhancing deterrence and solidifying our internal anti-corruption defenses.</p>
External collaboration	<p>We have deepened integrity co-building with suppliers and clarified the integrity responsibility of both parties by setting out integrity clauses and accountability for non-compliance in procurement contracts, promoting the signing of Business Partners Integrity Agreements, etc.; launched the “Risky Supplier Inquiry” functionality as an oversight mechanism for agreement performance, and imposed penalties on suppliers who violated integrity commitments, to enhance deterrence against collusive fraud, and thus to build a fair, honest and sustainable supply chain ecosystem.</p>

During the year, the Group received a total of 136 reports of information and fraud leads, with 19 valid reports, of which 4 individuals are currently undergoing criminal proceedings on suspicion of duty-related crimes, and the violating parties involved in other confirmed fraud cases were subject to internal disciplinary actions.

Strengthening Supervision and Management

Led by the Integrity Monitoring Department, the Group has established and refined the integrity supervision system, which is supervised directly by Executive Directors. It has formulated and implemented the “Management Measures for Integrity Monitoring Reporting and Investigation of Cases”, “Internal Audit Management Measures of Chinasoft International” and other systems, to systematically promote the prevention, identification and handling of corruption and malpractices, so as to help achieve the Company’s strategic objectives. In order to ensure the effective implementation of relevant policies and internal control systems, the Integrity Monitoring Department conducts routine supervision over key areas and positions through the execution of special audits, exit audits, case investigations and other means, to achieve full supervision, effective rectification and thorough accountability, thereby preventing ethical and compliance risks in all respects. During the Reporting Period, the Group organized and carried out a number of audits, all of which included the information on employees’ professional ethics and integrity in practice in the scope of audit evaluation, further strengthening internal control and the integrity culture.

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Open up Reporting and Complaint Channels

The Group provides a smooth integrity reporting channel, actively promotes the awareness of proper reporting, and widely publicizes integrity reporting related policies to foster a culture of integrity characterized by full participation and mutual supervision. The Integrity Monitoring Department has made various reporting channels publicly available, including a dedicated reporting email address, a postal mailing address, the WeChat official account of “Chinasoft International Integrity Monitoring”, the internal WeLink official account, and a dedicated integrity reporting platform, ensuring that reporting channels are convenient, diversified and accessible. We encourage employees, business partners and other parties to report, using their real names, any incidents involving corruption, malpractice, improper benefit transfers and other violations. We give certain rewards for valid reports that are substantiated, and strictly implement the confidentiality requirements for whistleblowers, to fully leverage the role of whistle-blowing in monitoring corruption and malpractice, and thus to continuously enhance the effectiveness of integrity governance.

Reporting email: lianzheng@chinasofti.com

Intensifying the Development of and Training on Integrity Culture

The Group continues to promote the culture of integrity. Each year, the Group enhances employees’ awareness of integrity through internal periodicals, internal case warnings, circulation of educational materials in various forms, organization of training sessions, issuance of holiday integrity tips and holding of interactive activities, among others.

Operating internal periodicals	<ul style="list-style-type: none">Operating an internal periodicals with the theme of integrity titled <i>Yangguang Newsletter</i>, which has been in circulation for four consecutive years, with over 100 issues released up to date. During the year, 24 issues have been released in total. The periodicals explains the policy environment, discusses specific cases and enhances all employees’ awareness of integrity in practice from various aspects, including anti-corruption policies, alarm bells ringing and disciplinary inspection columns. The Company releases the periodicals via various internal channels, covering the entire workforce.
Internal case warnings	<ul style="list-style-type: none">Introducing the video course “Learn from Cases, Keep the Alarm Ringing” on the internal learning platform. We have developed course materials based on internal fraud cases to fully leverage the warning role of these internal cases to educate employees with incidents happening right around them, so as to further reinforce the integrity and red line awareness of the management and employees.
Disseminating integrity information	<ul style="list-style-type: none">The Integrity Monitoring Department has established a new internal WeLink official account named “Path of Sunshine”, which regularly issues integrity reminders aligned with holidays and public holidays, and provides real-time updates on integrity-related news, legal knowledge, and case notifications, etc.

Conducting thematic events

- During the year, we organized two large interactive integrity-themed events. In the mid-year, in conjunction with the 7-1 Party Founding Day, we launched the “Integrity Week” online check-in campaign and the “Building up a Defense Line with Integrity” thematic events, which attracted employees to actively engage in learning about a variety of integrity knowledge by fully leveraging the Company’s internal integrity promotion channels, by means of check-in. At the end of the year, in conjunction with 12-9 International Anti-Corruption Day, we launched the “Building up a Defense Line with Integrity” thematic event. We established offline activity venues at 13 office premises across 11 cities nationwide, as well as opened online activities to enhance direct interaction with employees and actively foster a good atmosphere where all employees understand, respect, honour and practise integrity.

- During the year, we organised and conducted 4 thematic training sessions on integrity, with an aim of establishing a long-term integrity mechanism of not daring to, not being able to and not wanting to engage in corruption, so as to enhance all employees’ concept of the rule of law and the awareness of discipline. Through multi-dimensional measures, including, among others, case studies and interpretation of regulations, the employees’ knowledge and understanding of the requirements for integrity and self-discipline have been deepened, and their professional moral qualities have been continuously enhanced, thereby solidifying their ideological defense line of compliance in performing their duties.

Employee training

- Conducting anti-corruption training on different topics for management and employees to strengthen all employees’ awareness of integrity and self-discipline. New entrants must receive integrity training and pass an exam before entering the probationary period and then formal employment process. During the Reporting Period, the integrity training for new employees achieved 100% coverage.

Indicator		Data for 2025
Employee Anti-Corruption Training	Number of training sessions conducted	4
	Number of people covered	500
	Hours of training	2

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2. WORKING WITH SUPPLY CHAIN PARTNERS

The Group is committed to working with its value chain partners to actively fulfill its responsibilities throughout the product lifecycle, and strictly controls product quality, optimizes customer services, advances technological innovation and protects intellectual property rights, as well as enhances information security and privacy protection. Meanwhile, the Group continues to refine its supplier management system, strengthens environmental and social risk management in the supply chain, and prioritizes the use of eco-friendly products and services, so as to build a compliant, green and sustainable value ecosystem jointly with supply chain partners.

2.1 PRODUCT LIABILITY

With the brand positioning of “Digital Transformation Service Expert”, the Group has been consistently operating in a prudent and compliant manner and enhancing the management throughout product lifecycle. During the Reporting Period, the Group further improved its quality control system, optimized customer service processes, promoted R&D innovation, and strengthened intellectual property protection and information security management. With strict product standards, R&D support and data security measures, the Group provides high-quality and high-value digital services for customers, striving to become a reliable partner of customers.

During the Reporting Period, the honours and awards received by the Group include but are not limited to the following:

	Honours	Issuing Institution
Awards	Top 100 Enterprises by Software and Information Technology Service Competitiveness, Ranking the 15th	China Electronics Information Industry Association
	OpenHarmony TOP Co-construction Partner	OpenAtom Foundation
	National “Little Giant” Enterprise Specialized in Special and New Fields	Ministry of Industry and Information Technology
	Outstanding Contributor to openEuler Community	openEuler Community
	Top 100 Beijing Software and Information Technology Service Providers by Comprehensive Strength (TOP 10)	Beijing Software and Information Service Industry Association
	Gold Supplier of Ping An Group	Ping An Group
	Cailianshe Award for Value Growth in Hong Kong Stocks	Cailianshe
	Multiple Awards at the HarmonyOS Ecosystem Partner Conference	Huawei
	Selected for the IDC China Financial IT Mainstays List	IDC China Financial Industry Research Group

During the Reporting Period, the Group had not been subject to any litigation against the Group's products or material fines.

- **Strict Control of Product Quality**

The Group strictly complies with the “Product Quality Law of the People’s Republic of China” and other relevant laws and regulations, continuously optimises the business delivery process, focuses on solving the weak links in project delivery, and is committed to achieving high-quality management of the entire product life cycle. In 2025, in addition to the existing ISO9001 Quality Management System, CMMI2.0 L5 and CS5-level certification for information system construction and service capability assessment, the Company also obtained ISO42001 Artificial Intelligence Management System certification, further extending to artificial intelligence and digital business activities, and enhancing internal management and employees’ quality awareness, so as to ensure that products delivered are of stable quality, targets are met and no abnormalities occur.

To continuously improve the quality of project delivery, the Group has taken the following measures:

Process optimization and issues integration	By identifying common business issues, we incorporated improvement measures into the Management Service Delivery (MSD) process and the Delivery Project Management Process (DPMP) to ensure that the results of process optimization continue to deliver value.
Whole-process quality planning and monitoring	Conducted quality planning prior to project approval to clearly define targets, metrics and acceptance criteria; leveraging the measurement and evaluation mechanisms, such as 361 Lights Up, dynamically monitored project execution to promptly identify issues and take improvement measures, thereby forming a closed-loop management system.
Routine review and responsibility tracing	Established a regular review mechanism for quality management activities, strengthened process compliance, and conducted quality assessments at key nodes, realising early warning of quality problems beforehand, and accountability and continuous improvement afterwards.
AI empowers delivery efficiency improvement	Applied AI technology in scenarios such as recruitment, programming, office efficiency, asking for numbers, and asking for strategies to enhance data analysis capabilities, efficiency and accuracy, thereby supporting project management decisions and delivery efficiency improvements.
Improvements for top quality issues	Conducted regular classification and analysis of key quality issues and implemented corrective actions, and took improvement measures for the scenarios where procedures were not followed or did not meet standards, thereby continuously reducing the incidence of such issues.

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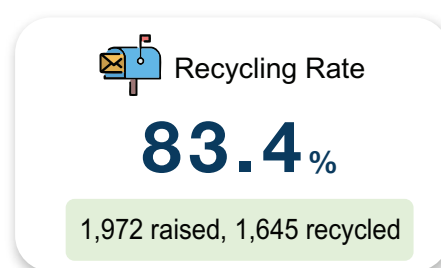
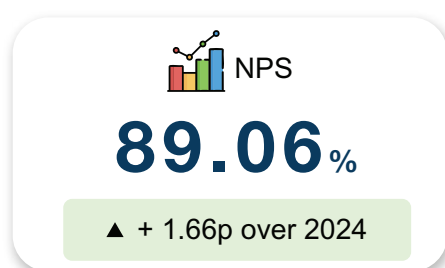
- **Optimizing Customer Service**

The Group always regards customer service as a core management goal, by continuously enhancing customer satisfaction and the management of customer complaints. Through the establishment of systems, process optimization and closed-loop management, the Group collects customer feedback in a timely manner and responds quickly to customer needs, ensuring that the issues raised by customers are effectively resolved, so as to strengthen customer trust and satisfaction.

- **Improving customer satisfaction**

The Group has been consistently improving customer satisfaction through institutionalized management and process optimization. In particular, it has formulated and implemented the “Management Rules for Customer Feedback” and other internal management documents, to ensure that the voice of customers can be heard through feedback collection from daily communication and multi-dimensional channels, customer profiling and high-risk customer management, cross-business collaboration and ecosystem partnerships, so as to respond thereto effectively and take improvement actions.

During the year, the net recommendation value (NPS) was 89.06%, representing a year-over-year increase of 1.66 percentage points, maintaining a steady upward trend. Over the past three years, the proportion of recommenders has been rising, while the proportion of passives has further declined. There were nil depreciators for the year, reflecting the improving overall customer experience and enhanced closed-loop capabilities in resolving issues. The recycling samples covered a wide range of customers across all business groups and lines, with an overall recycling rate of 83.4% and high-quality samples, which has provided strong data support for subsequent improvements.



<p>Feedback collection from daily communication and multi-dimensional channels</p>	<ul style="list-style-type: none"> • Collect customer needs and feedback in a full range through official consulting platforms, project visits and graded NPS surveys, thereby forming a closed-loop management system; • The VOC management system supports the end-to-end process from problem entry to resolving, ensuring that customer feedback is responded to quickly.
<p>Centralized management and process optimization</p>	<ul style="list-style-type: none"> • Establish management mechanisms for customer profiling and high-risk customers to accurately identify key customers and develop targeted communication and service strategies; • Through monthly/semi-annual routine reviews, promote each business line to implement improvement measures and strengthen the execution of communication processes.
<p>Cross-business collaboration and ecosystem partnerships</p>	<ul style="list-style-type: none"> • Different business lines establish a closed-loop collaboration in customer communication, problem tracing and service improvement, enabling the reuse of experience and the promotion of best practices; • Actively participate in ecosystem partnership activities and industry exchanges, optimize service models based on customer needs, and enhance customer perceived value.

Case: Joint Business Development by Chinasoft International North Region Government & Enterprise System Department and Huawei Government & Enterprise System Department (Large Enterprise Division) in Beijing

In 2025, both parties jointly launched a series of marketing activities, including the “Ascend DeepSeek Enterprise Application Pioneer Exchange”, focusing on promoting AI enterprise applications and implementing industry-based solutions. Through hierarchical customer refinement and the joint project development model, the Group helped customers reduce communication costs and improve project execution efficiency. Covering core enterprises and key clients in Beijing, the event successfully facilitated the communications on nearly 100 projects during the annual joint project development by sharing implementation methods and practical case studies of large model technologies, with 9 projects being successfully developed and a total contract value exceeding RMB50 million, which effectively enhanced customer experience and satisfaction.

Case: Partners in the Oil and Gas Industry Empower Training on Smart Industrial Parks

In November 2025, Chinasoft International worked with Huawei’s Oil and Gas System Division to conduct practical training on smart parks for more than 30 industry partners within Beijing. The training focused on pain points in corporate digital transformation and scenario-based solutions, covering pre-sales capability enhancement, service quality improvement and guidance on the feasibility of solution implementation. The training enabled customers to implement solutions for construction of smart parks more efficiently and significantly improve their recognition of Chinasoft International’s services and trust in the partnership, thereby laying a solid foundation for future project development and advancing the formation of a long-term and win-win model in the industry ecosystem.

- **Customer complaint management**

The Group places great emphasis on managing customer complaints and regards customer feedback as a key basis for improving delivery quality and service. To this end, we have established a systematic hierarchical response mechanism and a closed-loop handling process.

Hierarchical management of customer complaints	<ul style="list-style-type: none"> • General complaints are mainly handled by the delivery manager or the responsible person involved, who conducts an analysis retrospectively at once, provides an initial response within two hours, and takes improvement measures in alignment with customer requirements within two days; • Major complaints are handed over to the business head, who conducts an end-to-end analysis and makes improvements to ensure the issue is completely resolved.
Closed-loop management and accountability tracing	<ul style="list-style-type: none"> • A closed-loop process for complaints is established from collection, analysis, improvement to customer confirmation, ensuring that no issues are overlooked or left unresolved; • For departments with negative feedback or risk concentration, common issues are regularly sorted and incorporated into improvement measures.

Disclosure of Customer Service Data

Indicator	Data for 2025
Customer Suggestions (cases)	328
Handling Rate of Customer Suggestion (%)	88.6%

Encouragement of R&D Innovation

The Group continues to strengthen the management of R&D innovation by establishing a systematic innovation incentive framework and a performance-based incentive mechanism for project managers, and closely aligning R&D efforts with the Group's strategic objectives, to provide institutional safeguards for technological R&D and ecosystem development in key areas, and ensure that innovative achievements are successfully translated into practical applications and market value. In 2025, the Company invested RMB1.041 billion in R&D. Through institutionalized management, incentives for project achievements and industry-academia-research collaboration, we have effectively motivated employees' enthusiasm for innovation and driven the continuous enhancement of their innovation capabilities.

<p>Innovation incentive mechanism</p>	<p>Issue the Innovation Management and Incentive Mechanism to collect and evaluate innovation initiatives on a quarterly basis. Selection and incentives are implemented at both Group level and business line level to encourage employees to propose innovation plans during project implementation.</p>
<p>Incentive mechanism for project managers</p>	<p>Optimize incentive schemes for project managers, reinforce the principle of "incentivising for job duties and awarding for project results", improve the alignment between evaluations and actual value, and motivate project managers to lead their teams in achieving excellent delivery.</p>
<p>System and process development</p>	<p>Improve R&D management measures and end-to-end processes, including the interpretation of strategic objectives, R&D investment management and performance evaluation mechanisms, to ensure that innovation efforts are conducted on an institutionalized, process-based and traceable basis.</p>
<p>Ecosystem and industry-academia-research collaboration</p>	<p>Collaborate with universities and industry partners to establish the "Innovation Center for Artificial Intelligence Industry-Education Integration" and the "Global Innovation Base for Digital and Intelligent Talent Development", thereby creating a collaborative innovation ecosystem that encompasses research and development, application and talent development.</p>

Case: Partnership with a University AI Innovation Lab

The Group has partnered with Huawei and more than 40 universities to jointly develop the “Ascend & Zhiyun Joint AI Education and Innovation Solution for Universities”, and established AI laboratories and training centers to provide platforms for practising for students. Through university-enterprise collaboration in scientific research and project training, the Group helped students participate in real project development and technical practice, which promoted the practical application of AI capabilities and the accumulation of innovation achievements, and provided long-term support for talent development and the application of digital technologies in higher education.

Protection of Intellectual Property Rights

The Group highly emphasizes on and regards the protection of intellectual property rights as an important cornerstone of enterprise development. In accordance with the Copyright Law of the People’s Republic of China, Patent Law of the People’s Republic of China, Trademark Law of the People’s Republic of China, Advertising Law of the People’s Republic of China and other laws and regulations, the Group improves the enterprise qualification management system, ensures that the R&D results are effectively protected, and promotes the successful commercialization of innovation achievements.

- Optimise the process of qualification management, make full use of qualification application IT, improve the efficiency of qualification work and enhance the effectiveness of qualification;
- Focus on industry standards, and improve intellectual property management processes, to cover the protection of whole process, including software copyrights, patents and trademarks, to enhance the industry system management capabilities;
- Enhance innovation and protection of AI intellectual property, establish specific management mechanisms, and improve employees’ awareness of innovation and compliance. In 2025, the Group applied for and obtained a number of AI-related software copyrights;
- Continue to develop and teach courses on intellectual property rights to enhance employees’ awareness of protection and their motivation for invention and creation during R&D innovation. Through industry-academia-research collaboration and internal project incentives, we support the effective practical application of technological innovation results in business scenarios, maximizing the value of intellectual property.

During the Reporting Period, the Group received a total of 223 copyright certificates for computer software from the National Copyright Administration of China, as well as 6 patents, 4 trademarks and 13 enterprise qualification certificates.

Strengthening Information Security and Privacy Protection

Information security and privacy protection provide crucial safeguards for the Company's sound operations. The Group strictly complies with laws and regulations, including the Civil Code of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Law of the People's Republic of China on Personal Information Protection and the Law of the People's Republic of China on Protection of Consumer Rights and Interests, and keeps improving its information security and privacy protection management system, embedding security requirements throughout business processes and technology management. During the Reporting Period, the Group was not imposed of any penalty by regulatory authorities as a result of violating the laws and regulations related to personal data and privacy protection, nor did any significant information security or cybersecurity incidents occur.

More than 80% of the companies within the Group's main business scope obtained ISO 27001 Information Security Management System certification. The entities engaging in domestic and overseas business obtained the ISO 27701 Privacy Information Management System certification, PIPA Personal Information Protection Management System certification, DCMM Data Management Capability Maturity Model (Vendor Steady Level) certification and Data Management Service Provider Capability Maturity (Quantitative Management Level) certification, as well as the 22301 Business Continuity Management System certification.

- **Information security management**

An Information Security Committee comprising of members of the Executive Committee of the Board of Directors and senior executives is established to coordinate information security strategy and decision-making on major matters. A Cybersecurity and User Privacy Protection Task force is established to build cybersecurity and privacy protection capabilities across all business teams, and clarify the division of management duties and responsibilities as the primary body for daily execution, so as to establish a top-down information security management system that covers the Group and all business lines.

The General Outline of Information Security Strategy, as the Group's highest-level guiding document, clearly defines security targets and management responsibilities. The systems such as the Guidance Manual for the Use of Information Assets, the Provisions on the Management of the Network of Chinasoft International, and the Provisions on Rewards and Punishments for Information Security standardize the requirements for the identification of information assets, approval of use and the handling of violations. The Group conducts regular overall internal reviews of the selection and adoption of information security strategy at least three times each year, and increases the frequency of system audits based on the standards and features of different clients. In addition, external organizations are invited to conduct audits and evaluations to continuously optimize the effectiveness of management.

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Meanwhile the Group monitors risks associated with artificial intelligence and data security, and conducts specialized reviews and management regarding the compliance of training data, algorithm security and data security risks related to AI operations in accordance with relevant laws and regulations, ensuring that emerging businesses are operated within the compliance framework. During the Reporting Period, the number of cybersecurity vulnerabilities of the Group decreased significantly compared to the previous period, and the overall security situation continued to improve.

The Group continued to strengthen the development of its network and system security. Major measures included:

- completion of the procurement of IPS authorisations for firewalls at Internet venues to enhance its perimeter defense capability;
 - deployment of a cloud-based zero-trust VPN system, implemented two-factor certification and updated the “VPN Management System”;
 - supervision of the operation and maintenance management of fortress machines to enable the operation and maintenance behaviour to be logged and audited;
 - continuous vulnerability scanning and penetration tests, and establishment of a closed-loop process for identification, remediation and verification;
 - using the situational awareness system for real-time monitoring and response;
 - advancing the development of an endpoint access control system and standardizing device access management;
 - strengthening email security management to mitigate the risk of password brute-force attacks.
- **Privacy Protection and Data Governance**

The Group has issued the Privacy Statement of Chinasoft International, which clearly defines data types, purposes of use, protective measures and the rights of data subjects, ensuring that they are legally entitled to access, correction, deletion and other rights; the General Outline of the Policy on the Protection of Personal Data/Privacy of Chinasoft International, which clearly sets out the principles of minimizing data and storage period, and standardizes requirements for collection, use and storage of personal data; the Regulations on the Management of Information Confidentiality, the Regulations on the Rewards and Penalties for Information and Network Security and Privacy Protection and other rules and regulations, which enhances the protection of personal data for customers and employees. In addition, the Group has extended its management scope to include suppliers and business partners, requiring them to sign confidentiality agreements and incorporating information security and privacy protection clauses in the supplier evaluation.

Data Protection and Emergency Management

We have implemented database encryption to protect sensitive personal information of key individuals, and reinforced data access approval and authority management by implementing hierarchical and categorized management and minimizing access control. Before the system is connected, we disable unnecessary services and ports, and implement network segmentation and encryption policies to enhance data security.

We have developed the Security Incidents Emergency Response Process and the Regulations on the Management of Emergency Response to the Incidents of Personal Data Leakage, which clearly set out the requirements on reporting, investigation, handling and rectification. We conduct at least one data breach emergency drill each year.

We have developed the Management Regulations on Network Equipment Backup and the Basic IT Infrastructure Emergency Response Plan of Chinasoft International, and conduct regular data backup and recovery drills to ensure system recoverability and business continuity.

- **Development of the Capability of Information Security and Privacy Protection**

The Group has incorporated the training on information security and privacy protection in the mandatory induction training for new employees and conducts annual refresher training for incumbent employees. In addition, the Group requires new employees to sign the Security, Privacy and Internal Control Compliance Agreement upon joining, and incumbent employees to sign the Information Security and Cybersecurity Undertaking Letter annually, so as to continuously enhance the information security awareness and compliance responsibilities of all employees, thereby solidifying the Group's information security and data governance defenses.

2.2 SUSTAINABLE SUPPLY CHAIN

Adhering to the core objective of “green and low-carbon development with integrity and compliance to achieve collaborative win-win situation”, the Group is committed to promoting the entire supply chain to be environmentally friendly and have high-efficient operation and traceable accountability. In carrying out procurement activities, we strictly comply with the Bidding Law of the People's Republic of China and other laws and regulations, and have formulated and implemented the rules and regulations including the Procurement Management Measures and Supplier Management Measures, to manage the whole lifecycle of supplier admission, performance evaluation, cooperation and exit. The Group has incorporated environmental protection, integrity and social responsibility into the core indicators for supply chain management, enhanced institutional constraints and incentive mechanisms, and established a system for supply chain risk identification, hierarchical control and emergency response, to promote green procurement and the priority use of environmentally friendly products, and thus to achieve the sustainable development of the supply chain as a whole.

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Supplier Management

The Group establishes and continuously improves the whole life cycle management process of suppliers:

<p>Supplier admission</p>	<ul style="list-style-type: none"> • In accordance with the relevant provisions of the Regulations Governing Purchases and Tenders of the Company, the Group selects suppliers by means of bidding (invitation), competitive negotiation, price comparison and single-source negotiation according to different types and amounts of purchases; • The Group conducts a comprehensive assessment of suppliers in terms of corporate credentials, business reputation, quality assurance and contract fulfillment capability before the suppliers are admitted to the Group; • The Group incorporates environmental protection and integrity clauses in procurement contracts, and also signs the Integrity Cooperation Agreement with Suppliers, which clearly sets out the obligations regarding integrity and compliance, criteria for determining violations, compensation for breach of contract, and terms for terminating the partnership.
<p>Supplier assessment</p>	<ul style="list-style-type: none"> • Suppliers with whom we cooperate for the first time or who are newly introduced are subject to initial screening, on-site inspection and the first annual audit; • The Group conducts a comprehensive assessment on suppliers each year, which incorporates environmental protection, integrity, contract fulfillment quality, social responsibility and service responsiveness into the scoring system with a total of 100 points; • The Group categorizes suppliers into four grades: A (excellent), B (good), C (qualified) and D (unqualified), according to their total scores; • The scores are directly linked to the eligibility for partnership and the quantities of orders, and an internal disclosure and annual re-evaluation mechanism is developed to ensure that suppliers keep meeting requirements.

Supplier exit	<ul style="list-style-type: none"> • Suppliers with a score below 25 points are required to make corrections within a specified timeframe, and those who fail to meet the standards for two consecutive years will be terminated for cooperation. • Suppliers who have committed major environmental incidents or have submitted false ESG reports will be immediately blacklisted and permanently barred from cooperating with us; in serious cases, they will be referred to the judicial authorities. • The Group has established a specialized review team to regularly review the issues identified and notify typical cases to all suppliers to serve as a deterrent, thereby ensuring integrity and compliance throughout the supply chain.
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Case: Supplier Scoring and Assessment in 2025

During the Reporting Period, led by the Procurement Department and in collaboration with the Business, IT and Administrative departments, the Group conducted an annual comprehensive performance evaluation of 67 partner suppliers nationwide, covering core product categories purchased such as fixed assets, interior decoration and furniture, etc.. The dedicated assessment team formulated the Implementation Rules on Annual Supplier Scoring and Assessment for 2025, with a total score of 100 points, which has incorporated environmental performance into the assessment aspect, and also has taken into account integrity and compliance, contract fulfillment quality, social responsibility, service responsiveness and other factors, establishing a multi-dimensional evaluation system.

The coverage rate and results disclosure rate for this assessment both reached 100%. The 67 suppliers achieved an average score of 96.94, with an environmental compliance rate of 98.5%. Based on the assessment results, 65 suppliers were rated Grade A (85 points or higher) and 4 were rated Grade B (70–84 points). These scores will serve as a crucial basis for grading and resource allocation in future cooperations.

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Supplier Data Disclosure

Indicator	Data for 2025
Total number of suppliers	621
Number of suppliers by region – North China	228
Number of suppliers by region – South China	130
Number of suppliers by region – Eastern China	100
Number of suppliers by region – Northwest China	69
Number of suppliers by region – Central China	55
Number of suppliers by region – Overseas	20
Number of suppliers by region – Southwest China	19

Supply Chain Environmental and Social Risk Management

The Group attaches great importance to the fulfilment of the environmental and social responsibilities of its suppliers, establishes a Supply Chain Sustainability Management Team, continuously improves the sustainable supply chain policy, strictly controls the significant environmental and social risks of its suppliers, actively practices sustainable supply chain management initiatives, and constructs a multidisciplinary and eco-friendly digital financial system through the infiltration and propagation of environmental protection concepts.

The Supply Chain Sustainability Management Team is supervised under the Procurement Department, comprising of procurement specialists, environmental engineers, social responsibility officers, legal counsel and dedicated integrity management officers. By clearly defining responsibilities for job integrity management, environmental compliance control and supply chain sustainability management, a collaborative control mechanism has been established.

Procurement specialists	Screen ESG-compliant suppliers, optimize procurement strategies, and implement integrity, compliance and green procurement requirements.
Environmental engineers	Assess the environmental impact of suppliers' production processes, provide suggestions for technology improvements, and collaborate with integrity management officers to conduct dual-dimensional reviews and evaluations focusing on environmental protection and integrity.
Social responsibility officers	Oversee the protection of employee rights and interests and community engagement, and identify risks related to suppliers.
Legal counsel	Ensure that contracts and cooperation comply with laws and regulations throughout the entire process, and address suppliers' violations related to integrity, environmental protection and other issues.
Integrity management officers	Responsible for the entire process of supplier integrity management, including review, training, monitoring, verification and accountability for violations.

Risk Identification and Assessment:

The Group divides its supply chain processes into raw material procurement, production and processing, product transportation, and warehousing and distribution. It identifies environmental, social and integrity risks through data collection, on-site survey and supplier interviews. The Group has established a supply chain risk information database, to categorize, record and update risks in real time.

In conducting risk assessment, the Group quantifies environmental risks as potential economic losses and social risks as increased labor costs and impacts on market reputation by combining qualitative and quantitative approaches, and arranges experts to make evaluations to classify risks as high, medium and low levels. The Group implements focus monitoring on high-risk suppliers, normal monitoring on medium-risk suppliers, and periodic reviews on low-risk suppliers.

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Environmental and Social Management:

The Group has established differentiated management and risk mitigation mechanisms according to the roles of suppliers and channel partners:

Risk Type	Supplier Management	Channel Partner Management
Environmental Risk	<ul style="list-style-type: none"> Require the establishment of a clear carbon emissions reduction path, with carbon emissions per unit of output decreasing year-on-year over the past two years, which was not lower than the industry average; Mandatorily promote the use of clean energy, and strictly monitor the waste disposal process; Encourage suppliers to carry out waste recycling projects, and for those with outstanding results, priority to cooperation opportunities will be given; Encourage the pursuit of certifications such as ISO 14001, ISO 14025 Type III environmental labeling, and CQC certification for quality and environmentally friendly products. 	<ul style="list-style-type: none"> Advocate the adoption of electric vehicles or low-emission transport means in the logistics and distribution chain; Require the provision of carbon emissions data for transportation vehicles, and assists in optimising distribution routes; Promote energy-saving renovation of warehouse facilities and use energy-efficient lighting fixtures; Operate temperature-control equipment in accordance with energy-saving standards to ensure that the energy consumption per unit of storage area decreases year by year; Jointly promote the use of biodegradable and recyclable packaging materials.

Risk Type	Supplier Management	Channel Partner Management
Social Risk	<ul style="list-style-type: none"> • Require strict compliance with local labour laws and regulations with compensation not being lower than the industry average; • Working hours and overtime management comply with legal requirements; • Provide employees with no less than 40 hours of skills training each year; • Establish a complaint channel for suppliers' employees, and the Company makes regular visits; • Establish a labor standards review mechanism, engaging the social responsibility officer and external labor lawyers in assessment. 	<ul style="list-style-type: none"> • Require partners to follow the principle of fair competition in the process of sales promotion and to put an end to false propaganda and commercial fraud; • Focus on protecting the rights and interests of end employees and eliminate discrimination based on gender, age or race; • Encourage participation in community charitable activities and provide marketing resources to partners with outstanding performance.

Risk Monitoring and Response Mechanisms:

The Group conducts 24-hour monitoring of platforms such as social media, industry forums and news media to capture negative information related to suppliers and channel partners, including environmental violations, labor disputes and product quality issues. Meanwhile, it incorporates integrity risks into the monitoring scope, and conducts early warning analyses on data regarding abnormal transactions and non-compliant related party dealings in the cooperation with suppliers. Such information is compiled and analyzed by dedicated personnel at once to assess potential impacts on supply chain stability and the Company's reputation, and activate appropriate response procedures based on the risk level.

In response to major environmental or integrity risk incidents, the Group activates its crisis response plan, which includes suspension of cooperation, isolation of risks, accountability tracing, information disclosure management and other measures, to minimize the impact on supply chain operations.

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Priority Selection of Environmental Products and Services

The Group gives priority to environmentally friendly products and services, further integrates green and low-carbon requirements into the procurement decision-making process, and tilts procurement resources toward environmentally friendly products and services, so as to enhance the environmental performance of procurement activities.

Supplier admission	New suppliers are required to submit environmental product specifications, environmental management measures for production process and relevant certification documents, and may be admitted to the procurement process after passing the evaluation of internal experts.
Procurement budget preference	Set aside specific funds in the annual procurement budget for environmentally friendly products and services, gradually increase the proportion of the budget allocated thereto, and direct procurement resources toward the environmental sector.
Contractual obligations	Procurement contracts incorporate environmental clauses that specify the upper limit of energy consumption, the emission limit of hazardous substances, and requirements of the environmental management systems. Suppliers are required to provide environmental monitoring reports on a regular basis, and in the event of failure to meet the targets, the Company may refuse to accept the goods, deduct the payment for the goods or terminate the co-operation.
Embedding environmental reviews into procurement processes	From requests raising to bid evaluation, the procurement department screens suppliers and products based on the environmental product standards database and life cycle assessment to ensure that the final procurement meets environmental requirements.
Environmental features of products	The products prioritize the use of renewable, recyclable and low-pollution raw materials; the manufacturing process is featured by energy conservation, emissions reduction and clean production; when being in use, products feature low energy consumption and high performance, and can be recycled at the end of their lifecycle.
Regular review and rectification	Conduct information reviews or on-site inspections on an annual basis, focusing on checking the operation of environmental protection facilities, raw material management and product environmental performance indicators. Non-compliant suppliers are given a deadline to make corrections, and those who refuse to do so are put on a blacklist.

3. ENVIRONMENTAL PROTECTION

The Group has set environmental management targets in strict compliance with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and the Programme for Implementing the System of Classification of Domestic Wastes by the Ministry of Housing and Urban-Rural Development of the National Development and Reform Commission, and has continuously tracked the progress towards such targets.

To continuously promote green office and energy conservation and emissions reduction, the Group has standardized waste discharge and compliant disposal process in accordance with industry-specific characteristics, ensuring that all operational activities comply with relevant environmental standards. We have been consistently improving our environmental management system and have obtained ISO 14001 environmental management system certification.

In addition, leveraging on its strengths in the field of digital intelligence technology, the Group supports the digital transformation of eco-environmental management through its products and services, thereby promoting the fusion of green and digital development.

3.1 GREEN OPERATION

Environmental Targets and Progress

Guided by the targets in the areas of greenhouse gases, energy consumption, water resources, and hazardous and non-hazardous waste management, the Group steadily promotes green operation related work, carries out environmental protection actions in multiple dimensions, and continues to promote energy conservation and emission reduction, as well as ensures effective implementation of various environmental protection systems and initiatives through improved monitoring and enforcement mechanisms.

Environmental targets for greenhouse gases, energy consumption and use of water resources:

Using 2021 as the base year, the Company's greenhouse gas emissions per RMB million revenue, comprehensive energy consumption per RMB million revenue and water consumption per RMB million revenue remained stable.

Objectives for hazardous waste management:

In the future, we will continue to promote the compliance of hazardous waste disposal and achieve a standard disposal rate of 100%.

Objectives for non-hazardous waste management:

In the future, we will continue to promote the implementation of separate domestic waste disposal and achieve a standard disposal rate of 100%.

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Emissions Management

The Group's own production activities have a relatively low impact on the environment. Its emissions mainly include electronic waste, general domestic waste and domestic sewage generated from the office area. In view of the operational characteristics of an information technology service provider, the Group implements the emissions management of the entire process, and establishes the mechanisms for classification management and standard disposal to ensure that its emissions are compliant and controllable.

During the Reporting Period, the Group did not have any major non-compliance in relation to environmental laws and regulations, nor was it involved in any litigation in relation to environmental pollution.

- **Hazardous and electronic waste management**

Safeguard mechanism	<ul style="list-style-type: none">• Establish a mechanism for the sorted collection and recycling of electronic waste, which is jointly managed by the administrative and IT departments.
Reduction at source	<ul style="list-style-type: none">• Reduce the purchase of electronic equipment and adopt equipment leasing to reduce the generation of electronic waste equipment at source.
Resource recycling and reuse	<ul style="list-style-type: none">• Dismantle storage devices and recover reusable components to reduce waste of resources.
Lawful and compliant disposal	<ul style="list-style-type: none">• Scrap equipment are handed over to qualified recycling agencies for centralized disposal.

- **Non-hazardous waste management**

Classification management	<ul style="list-style-type: none"> • Place classified bins in office areas to separate recyclables, other rubbish and kitchen rubbish; • Place food waste collection bins in the pantry and post clear and eye-catching rubbish signs.
Reduction at source	<ul style="list-style-type: none"> • Equip with “paper for recycling” baskets in the printing area of each office venue, and advocate double-sided printing; • Promote electronic contract signing and electronic certificates to reduce paper consumption; • Install glass whiteboards in office areas that are easy to write on and erase, encouraging reduction of paper use; • Encourage employees to bring their own lunches and water bottles, and use ceramic cups instead of disposable ones when entertaining guests; • Equip electrical equipment such as microwave ovens and freezers in pantries, and encourage employees to bring their own lunches to reduce the emission of white waste such as disposable lunch boxes.

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- **Sewage discharge management**

The main source of the Group's sewage is domestic sewage generated from office areas. All sewage is strictly treated in accordance with standardized processes and is discharged to municipal pipelines after it has been transformed into water that can be safely discharged.

Table: Emissions Data Disclosure^{note 1}

Indicator	Data for 2023	Data for 2024	Data for 2025
Hazardous waste generation ^{note 2} (tonnes)	0.46	0.46	6,844 ^{note 3}
Hazardous waste generation per RMB100 million operating income (tonnes/RMB100 million)	0.003	0.003	0.04
Electronic waste generation (tonnes)	234	30.67	95.47 ^{note 4}
Electronic waste generation per RMB million operating income (tonnes/RMB million)	0.014	0.002	0.006
Domestic waste emissions from office areas (tonnes)	5,714	5,876	6,093
Domestic waste emissions from office areas per RMB million operating income (tonnes/RMB million)	0.33	0.35	0.36
Total amount of domestic sewage discharge (tonnes)	176,109	159,789	164,875

- Notes: 1. The statistical scope of the Company's emissions data includes the actual data generated by the subsidiaries of Chinasoft International Group registered in the PRC but excludes the data from the overseas offices. The Group's operating revenue for 2025 amounted to RMB17,027 million.
2. The Group disposed a number of used toner cartridges and ink cartridges during the Reporting Period. According to the "National List of Hazardous Wastes (2021 Edition)", selenium containing waste (HW25) is toxic to the ecological environment and human health and is classified as hazardous waste.
3. A batch of fluorescent tubes were centralizedly scrapped in 2025, resulting in an increase in hazardous waste emissions.
4. The Group organized more scrapping activities in 2025, leading to an increase in the volume of electronic waste generated.

Effective Use of Resources

The Group strictly complies with the "Energy Conservation Law of the People's Republic of China" and other relevant laws and regulations, actively implements the concept of "Thrift, Recycling and Reduction of Consumption", and continuously enhance the utilisation efficiency of resources by promoting energy conservation and resource recycling measures based on actual operations, so as to reduce the consumption of energy and other resources.

- Reducing energy consumption
The Group has established energy-efficient operation and equipment management mechanisms focusing on the energy usage scenarios at office spaces and based on its operational characteristics. By optimizing operational controls and energy efficiency management measures, the Group aims to improve energy efficiency.

Equipment replacement and upgrades	<ul style="list-style-type: none"> • Implement installations for new spaces and renovation for existing spaces. LED energy-saving lighting has been installed in all office spaces nationwide, to extend the lifespan of lights and reduce energy consumption of lighting; • When selecting office rental sites, priority is given to screening buildings constructed with energy-saving technologies and environmentally friendly materials to reduce energy consumption and environmental impact at source.
Management of energy conservation	<ul style="list-style-type: none"> • Set reasonable temperature control standards for air conditioning and post a reminder of “Temperature\geq 25°C” near the controls to encourage reasonable use of cooling equipment; • Conduct daily inspections after work to ensure that air conditioners and related equipment are turned off in a timely manner; • Implement operation controls for certain equipment at reasonable intervals according to the usage of office spaces to reduce unnecessary energy consumption; • Establish a regular mechanism for the repair and maintenance of facilities and equipment to reduce energy consumption through timely repair of equipment faults and optimisation of equipment operating parameters; • Monitor the dynamic parameters of the equipment and facilities to ensure that the system equipment operates stably in the low energy consumption state, and realize the resource saving and efficient use in the whole life cycle of the building.

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Awareness promotion	<ul style="list-style-type: none"> • Implement the “Four Power-Off Rules”, requiring employees to turn off power strips, computer monitors, terminal devices and other electrical equipment when leaving their workstations; • Post energy-saving reminders such as “Please Turn Off the Lights” in office areas; • Hold regular joint meetings to promote and reinforce the implementation of energy-saving management requirements.
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- **Water conservation**

The water used by the Group mainly sources from the municipal water supply system. There is no extraction of groundwater or use of water for industrial production during operations. Based on the actual water usage scenarios at its office locations, the Group has equipped water-saving facilities and implemented management and control measures to improve the utilization efficiency of water resources. During the Reporting Period, there were no significant risks related to water sourcing or environmental compliance incidents arising from water usage.

Adoption of water-saving facilities	<ul style="list-style-type: none"> • In the greening areas of some parks, use drip irrigation, micro-sprinkler irrigation and other water-saving irrigation approaches, to reduce the consumption of water resources through precise control of water supply and irrigation range; • Pay close attention to weather changes, and rationally schedule the greening irrigation time, to avoid irrigation operations before or during rainfall.
Awareness promotion	<ul style="list-style-type: none"> • Post water conservation tips in washrooms and other public areas to raise employees’ awareness of water conservation; • Rationally tune air-conditioning operating hours based on office usage to reduce unnecessary water consumption.

Disclosure of Resource Utilization Data^{note 1}

Indicator	Data for 2023	Data for 2024	Data for 2025
Consumption of gasoline (liters)	50,733	48,561	43,521
Electricity consumption (0'000 kWh)	3,341	3,026	3,169
Electricity consumption per RMB million operating income (kWh/RMB million)	0.20	0.18	0.19
Comprehensive energy consumption ^{note 2} (tonnes standard coal)	4,160	3,771	3,942
Comprehensive energy consumption per RMB million operating income (tonnes standard coal/RMB million)	0.24	0.22	0.23
Water consumption (tonnes)	207,188	187,987	193,970
Water consumption per RMB million operating income (tonnes/RMB million)	12.10	11.09	11.39

- Notes: 1. The statistical scope of the Company's use of resources data includes the actual data generated by the subsidiaries of Chinasoft International Group registered in the PRC but excludes the data from the overseas offices. The Group's operating revenue for 2025 amounted to RMB17,027 million.
2. Comprehensive energy consumptions are calculated with reference to the "General Principles for Computing Comprehensive Energy Consumption GBT2589-2020".

Environmental and Natural Resources Protection

In addition to advancing green operations, the Group leverages its strengths in information technology and digital capabilities to integrate the concept of eco-environmental protection into the design of its products and solutions, supports the digital and low-carbon transformation of sectors such as energy, electricity, transportation and industrial parks, and helps clients improve energy efficiency and environmental management capability.

The Group launched a low-carbon smart park solution, which, based on artificial intelligence, cloud computing, the Internet of Things, big data and 5G technology, enabled multi-scenario applications through a smart park integration platform. Focusing on the sectors of carbon footprint management, energy supervision and smart park building, the Group promoted the integrated application of information systems and clean technologies to help clients improve resource utilization efficiency and environmental management capability. For details on related practices and typical cases, please refer to the specific sections of this report.

3.2 RESPONSE TO CLIMATE CHANGE

In order to actively respond to the national “carbon peak and carbon neutrality” target, the Group has formulated a “Carbon Neutrality” planning programme, fully integrated climate change response into its operation and management processes, identified climate change risks in accordance with the disclosure framework of the Task Force on Climate-Related Financial Disclosure (“TCFD”), promoted the implementation of energy-saving and emission reduction initiatives, and provided the Group itself and its customers with digital solutions for the “carbon peak and carbon neutrality” initiatives, so as to grasp the opportunities of green development and enhance its ability to respond to climate change, as well as to promote the sustainable development of ourselves and our partners.

Climate Governance

The Group has incorporated climate change-related issues into its ESG governance framework for unified management, and established a three-tier governance structure in which the Board of Directors oversees and supervises, management coordinates and drives implementation, and the executive team carries out specific measures. The Board of Directors bears ultimate responsibility for the ESG strategy, including climate change, and related risk management, and strengthens the oversight over climate-related targets, risks and performance through the Sustainability Committee. The management and the executive team are responsible for integrating climate-related requirements into daily operations and business management to ensure the effective implementation of relevant measures.

<p>Board of Directors Sustainability Committee</p>	<ul style="list-style-type: none"> • Assume ultimate responsibility for the Group’s ESG strategy and governance, including climate change; • Review and oversee the development and implementation of climate-related targets and action plans; • Identify and assess risks and opportunities arising from climate change; • Review material climate-related matters and annual ESG disclosures.
<p>ESG Working Committee</p>	<ul style="list-style-type: none"> • Arrange climate change-related management activities; • Coordinate with various departments to implement measures related to energy conservation, emissions reduction and green operations; • Report on the progress of climate-related efforts to the Board of Directors and the Sustainability Committee on a regular basis.

ESG Working Group	<ul style="list-style-type: none"> • Implement energy conservation, emissions reduction and resource management measures in business delivery and park operations; • Advance specific initiatives such as green office and energy management; • Collect and report climate and environment-related data; • Assist in the disclosure of climate-related information.
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Climate Strategies

The Group actively responds to the national strategy of “carbon peaking and carbon neutrality” by prioritizing greenhouse gas emissions reduction in its operational management. Taking into account the specific characteristics of its emissions profile, the Group has systematically identified its major emission sources and developed targeted reduction measures focusing on vehicle use, electricity consumption and business travel and commuting. By continuously optimizing its energy consumption structure and operation methods, the Group is steadily advancing its transition to low-carbon operation.

In the course of business operations, the Group’s greenhouse gas emissions mainly stem from direct emissions generated by the use of its own fuel-powered vehicles, indirect emissions from purchased electricity, and other indirect emissions generated from employee travel and commuting. To effectively reduce greenhouse gas emissions, the Group is advancing its emission reduction efforts in the following areas:

- Optimizing the mix of its owned vehicles
 - The Group continues to advance the replacement of its official vehicles with new energy vehicles. In 2025, the Company replaced four vehicles with new energy vehicles. The Group plans to gradually replace 80% of its fuel official vehicles with new energy vehicles in the next 10 years, thereby further reducing fuel consumption and greenhouse gas emissions.
 - Meanwhile, the Group reasonably controls the use frequency of official vehicles according to their usage, and improves the utilization efficiency of vehicles, to steadily advance the transition toward low-carbon operation.
- Promoting the use of green electricity and optimizing the energy mix
 - To address indirect emissions resulting from purchased electricity, the Group has actively explored the use of clean energy by purchasing green electricity for its owned and leased office premises, and optimizing its energy mix, to reduce the greenhouse gas emissions generated from the use of conventional electricity.

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- Meanwhile, we have implemented energy-saving measures in our daily office operations on an ongoing basis to improve energy efficiency, and reduce electricity consumption intensity, so as to reduce Scope 2 emissions at source.



- Reducing emissions from business travel and commuting
 - The Group has continued to deepen the integration of green and low-carbon concepts in its operational management, promoted online collaborative office model, and realised online meeting and business collaboration processes leveraging the WELINK digital office platform, thereby reducing unnecessary business travel and lowering the indirect greenhouse gas emissions resulting from employee mobility.
 - For employees' commuting, the Group has installed charging piles in its parks and office locations in Xi'an, Nanjing and other cities, provided supporting facilities for employees to use new energy vehicles, and guided them to practise low-carbon travel, thereby reducing emissions in the process of commuting.
- Leveraging digital capabilities to support the low-carbon transition
 - Leveraging its strengths in IT services and digital technologies, the Group has explored technological applications in the fields of green energy and digital energy to help clients improve energy efficiency and carbon emissions management capability. For details on related practices and cases, please refer to specific sections of this report.

Climate-related Risks and Opportunities

Against the backdrop of intensifying global climate change, the Group has incorporated climate-related risks into its overall risk management framework. By taking into account the characteristics of its business and actual operations, the Group identifies and assesses the transition risks, physical risks and related opportunities that may arise from climate changes. Focusing on the factors such as policies and regulations, market and technology, reputation and extreme weather events, the Group has established management mechanisms for risk prevention and emergency response, continuously optimized its internal management and business processes, and enhanced the risk prevention awareness of all employees, as well as actively seized the market and business opportunities arising from green and low-carbon technologies and digital services, so that the Group's resilience to climate change and the sustainability level have been gradually enhanced, thereby laying a solid foundation for the Group's robust growth in the long term.

- Transition risk

Type of Risk	Duration of Impact	Section of Value Chain	Risk Description	Response
Policy and legal risk	Medium to long term	Own operations	National and local climate policies continue to tighten, and the regulatory requirements regarding carbon emissions management, information disclosure and energy structure adjustments become increasingly stringent, which may increase compliance costs and management pressures.	<p>Closely monitor the climate change related policies and regulatory development;</p> <p>Follow the requirements of regulators on climate-related information disclosure, and continuously improve the transparency of information disclosure;</p> <p>Incorporate energy conservation and emissions reduction measures in operational management to ensure compliant operation;</p> <p>Report regularly to those in charge of governance on the progress regarding ESG and climate-related efforts.</p>

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Type of Risk	Duration of Impact	Section of Value Chain	Risk Description	Response
Market and technology risk	Medium to long term	Own operations Downstream	As customer and market demand for low-carbon products and services continues to grow, any failure to adjust our business direction or technological capabilities in a timely manner could undermine our market competitiveness.	<p>Continuously promote energy saving and emission reduction, and optimise the energy mix;</p> <p>Increase the proportion of green electricity used and reduce carbon emissions from our own operations;</p> <p>Leveraging the advantages of IT services and digital capabilities, support customers in green and low-carbon transformation.</p>
Reputational risk	Short to medium term	Own operations Downstream	Inadequate climate-related management measures or insufficient disclosure may affect how investors, customers and the public evaluate the Group's sustainability.	<p>Provide transparent stakeholder communication channels;</p> <p>Continuously improve the quality of ESG and climate-related disclosures;</p> <p>Collect the feedback from customers, investors and the general public to improve management;</p> <p>Promote the management of supply chain sustainability and strengthen the implementation of environmental responsibilities.</p>

- Physical risk

Type of Risk	Duration of Impact	Section of Value Chain	Risk Description	Response
Acute risk	Short term	Own operations	Extreme weather events such as earthquakes, flooding and typhoons may affect workplace safety and business continuity.	<p>Prepare the Risk Assessment Report on Climate Disasters;</p> <p>Formulate specific emergency plans in response to earthquakes, fires, typhoons and rainstorms, etc.;</p> <p>Establish an event classification and information reporting mechanism;</p> <p>Conduct regular emergency drills;</p> <p>Strengthen the assessment and inspection of building safety.</p>
Chronic risk	Medium to long term	Own operations	Rising average temperature and changes in climate patterns may lead to increased energy consumption and higher operating costs.	<p>Establish a mechanism for continuous monitoring of energy consumption;</p> <p>Track the operation hours of heat dissipation equipment;</p> <p>Assess the impact of the changes in energy consumption on costs;</p> <p>Formulate energy management improvement measures in advance.</p>

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- Climate change-related opportunities

Opportunity	Description
Growing demand for green IT and digital low-carbon services	<ul style="list-style-type: none"> • As businesses and government agencies increasingly focus on carbon reduction, energy conservation and environmental digitalization, the demand for the Group's digital solutions in the market is expected to increase; • These products and services are able to support energy efficiency optimization and emissions management for customers, while expanding the Group's business opportunities.
Business opportunities associated with clean energy and new energy	<ul style="list-style-type: none"> • The increased proportion of new energy and green electricity used enables the Group to provide technical services in the areas of energy management systems, charging piles and digital energy platforms; • Support the Group to expand its presence in the green energy and digital energy sectors to achieve business growth.
Promoting green office and online collaboration	<ul style="list-style-type: none"> • The continuous promotion of low-carbon office model and online collaboration platforms reduces the carbon emissions from the Group's own operations and provides digital solutions for green office for customers; • Help to enhance customer loyalty and satisfaction, while complying with policy requirements and responding to social concerns.

Metrics and Targets

In order to actively respond to the national “carbon peaking and carbon neutrality” strategy and relevant policy requirements, the Group has taken into account climate action in its long-term development. The Group will continue to advance low-carbon operations and green and digital practices, and constantly explore effective ways towards emissions reduction and energy optimization, contributing to the Group’s sustainable development and the achievement of the nation’s low-carbon targets.

Table: Emissions Data Disclosure^{note 1, 2}

Indicator	Data for 2023	Data for 2024	Data for 2025
Greenhouse gas emissions from direct sources (tonnes of CO ₂ equivalent)	111	106	95
Greenhouse gas emissions from indirect sources (tonnes of CO ₂ equivalent)	19,408	16,236	16,817
Staff greenhouse gas emissions from employee travel (tonnes of CO ₂ equivalent)	11,799	11,617	8,288
Total greenhouse gas emissions (tonnes CO ₂ equivalent)	31,318	27,959	25,200
Greenhouse gas emissions per RMB million operating income (tonnes of CO ₂ equivalent/RMB million)	1.83	1.65	1.48

- Notes: 1. Greenhouse gas emissions are calculated with reference to the “GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) 2012” published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the “Sixth Assessment Report” issued by the Intergovernmental Panel on Climate Change (IPCC); the emission factors used to calculate greenhouse gas emissions from indirect emission sources are determined with reference to the “Announcement on the Release of CO₂ Emission Factors for Electricity in 2023” issued by the Ministry of Ecology and Environment of the People’s Republic of China in December 2025, and the national average CO₂ emission factor of electric power as 0.5306 kg CO₂/kWh; the emission factors used to calculate greenhouse gas emissions caused by employees’ business trips are determined with reference to the EEIO carbon emission factor library released by the UK Department for Environment, Food & Rural Affairs (DEFRA) in 2011.
2. The statistical scope of the Company’s emissions data includes the actual data generated by the subsidiaries of Chinasoft International Group registered in the PRC but excludes the data from the overseas offices. The Group’s operating revenue for 2025 amounted to RMB17,027 million.

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4. STAFF DEVELOPMENT

Adhering to the people-oriented principle, the Group regards employees as the core driving force of corporate development, strictly complies with laws and regulations, and protects the rights and interests of employees in all respects. It supports employee career development through multiple channels, and focuses on their occupational health and safety, to create a safe and sustainable working environment. The Group has continuously created a fair, inclusive and warm workplace environment to help employees realise their personal values and support the mutual growth of the organisation and employees.

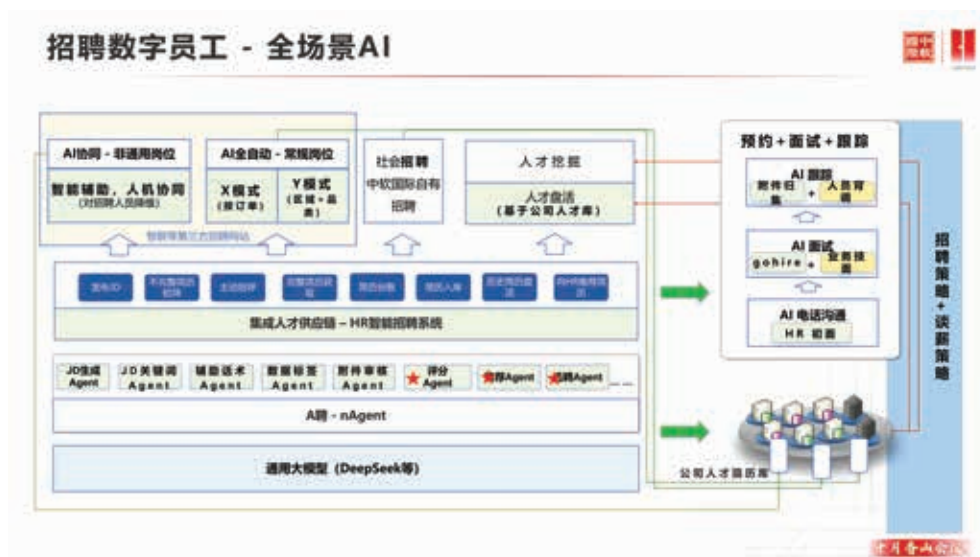
4.1 Protecting the Rights and Interests of Employees

The Group has strictly complied with the laws and regulations, including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Regulations on Work-Related Injuries and Insurance, the Law of the People's Republic of China on the Protection of Minors and the Prohibition of the Use of Child Labour, etc. The Group has continued to standardize its employee employment management, expanded the high-quality workforce, and safeguarded the rights and interests of its employees in terms of remuneration, working hours and holidays according to the law, so as to establish harmonious and stable employment relations. The certification of the Group's SA8000 corporate social responsibility system remains effective.

Insisting on Equal Employment

Regarding the concepts of equal employment and personnel diversity management as the core driving force of its organizational development, the Group has formulated the Equal Employment Policy, the Code of Conduct for Recruiters and the Corporate Social Responsibility Management Manual, strictly followed the equity and fairness principle throughout the employment process, and explicitly opposed any form of discrimination to ensure that all employees are entitled to equal employment opportunities. In addition, the Group continued to optimise its talent supply chain management to accurately forecast medium- to long-term and short-term talent demand and implement talent supply strategies through internal deployment and external supply. During the Reporting Period, the Group's talent demand satisfaction rate reached 97.8%, effectively ensuring the talent supply required for its business growth.

The Group continued to advance the building of a diversified workforce by formulating the Employee Diversity Programme. We have always been adhering to the employment concept of openness and inclusiveness, and keep optimizing our workforce structure to establish a diversified workforce structure across gender, geography, ethnicity, age, educational background and other dimensions. We embrace an inclusive and equitable workplace atmosphere, implement women’s leadership development programs, and promote family-friendly policies such as flexible working hours and remote work. We actively support underrepresented groups, such as ethnic minorities and people with disabilities, during recruitment and development, to promote diversity and inclusion. During the Reporting Period, the Group promoted the “AIGC Safeguard Recruitment Efficiency Improvement” project, which was designed to encompass the processes of intelligent resume screening, accurate person-to-position matching and automated confirmation of interest, thereby achieving the digitalization of the whole recruitment process.



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As at the end of the Reporting Period, the Group had a total of 78,030 employees, distributed throughout the country and in a number of countries and regions around the world, of whom ethnic minority employees totalled 3,983, accounting for approximately 5.10% of the total number of employees; 560 employees with disabilities were employed, accounting for approximately 0.72% of the total number of employees; and 4,591 fresh graduates were absorbed during the year.

Disclosure of Employment Data

Indicator	Data for 2025
Total number of employees (persons)	78,030
Number of full-time employees (persons)	77,855
Number of part-time employees (persons)	175
Number of male employees (persons)	56,297
Number of female employees (persons)	21,733
Number of employees aged ≤30 (persons)	39,558
Number of employees aged 30 < age ≤ 50 (persons)	38,237
Number of employees aged >50 (persons)	235
Number of employees in Xi'an (persons)	14,634
Number of employees in Shenzhen (persons)	10,396
Number of employees in Shanghai (persons)	6,572
Number of employees in Nanjing (persons)	6,325
Number of employees in Beijing (persons)	7,224
Number of employees in Chengdu (persons)	3,495
Number of employees in Hangzhou (persons)	3,130
Number of employees in Wuhan (persons)	3,669
Number of employees in Dongguan (persons)	5,990
Number of employees in other areas (persons)	16,595
Employee turnover rate (%)	33
Male employee turnover (%)	34
Female employee turnover rate (%)	31
Turnover rate of employees aged ≤ 30	36
Turnover rate of employees aged 30 < age ≤ 50 years (%)	29
Turnover rate of employees aged >50 (%)	35
Employee turnover rate in Beijing (%)	37
Employee turnover rate in Xi'an (%)	27
Employee turnover rate in Shenzhen (%)	33
Employee turnover rate in Shanghai (%)	30
Employee turnover rate in Nanjing (%)	28
Employee turnover rate in Chengdu (%)	32
Employee turnover rate in Hangzhou (%)	40
Employee turnover rate in Wuhan (%)	30
Employee turnover rate in Dongguan (%)	25
Employee turnover rate in other areas (%)	33

Safeguarding Legitimate Rights and Interests

The Group has always regarded the protection of employees' rights and interests as a basis of corporate sustainable development. It has strictly complied with national laws and regulations relating to employees' rights and interests and relevant provisions of the "Articles of Association of the Workers' Congress of Chinasoft International", and continued to improve internal systems such as the "Talent Incentive Management Outline", the "Remuneration Framework Management Measures" and the "Performance Management White Paper", to safeguard the lawful rights and interests of its employees according to the law, so as to create a harmonious and inclusive working environment and realise the synergistic development of the Group and its employees.

The Group has adopted various measures to protect the rights and interests of employees, including:

- Remuneration incentives
 - Optimise the remuneration framework, improve the job grading rules and harmonise the position-based salary fixing criteria;
 - Formulate short-term and medium- and long-term incentive plans, and design refined and differentiated remuneration structures based on factors such as job value evaluation, contribution to performance output, individual capabilities and special skills, ensuring that remuneration packages match individual contributions;
 - Continuously improve the honor and recognition system to recognize and reward teams and individuals who have achieved excellent performance and made outstanding contributions in a timely manner;
 - Establish a multi-layer stock incentive system, clearly specifying targets, grant criteria and vesting rules, so that key talents share the results of the Company's long-term development.
- Performance management
 - Optimise and improve performance management, refine the performance evaluation process and rules, and clarify the specific impact of organisational performance results on the proportional distribution of cadre and employee performance;
 - Establish a mechanism for routine performance disclosure and strengthen performance communication and performance process management;
 - Conduct regular performance evaluations on the organization and individuals and provide feedback; establish official grievance channels to ensure that the evaluations are fair and transparent;
 - Continuously optimise the performance management work calendar, and promote the institutionalisation, process and calendarisation of performance management.

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- Holiday management
 - Optimize the mechanism for compensatory time off for overtime work, and provide convenient and efficient ways for clearing resting periods, to enhance the employee experience;
 - Formulate annual leave arrangement in advance and issue a notice thereof via multiple channels to effectively communicate to employees and direct them to schedule their resting periods reasonably.
- Time management
 - The time and attendance billboard provides a visual presentation of employee attendance data, helping business departments scientifically coordinate work tasks and resting periods to optimize human resources efficiency;
 - Strengthen the data connection with the client's system and realise the automated synchronisation of employees' attendance data from the client's system to the Group's system, to simplify the process and enhance accuracy and management efficiency;
 - Implement a flexible working system, with flexible office hours based on regional and operational characteristics, to enhance employees' autonomy and work efficiency.

Emphasis on Human Rights Protection

The Group respects and protects the basic human rights of its employees, by establishing the Corporate Social Responsibility Management Manual, and continuously improving the Control Procedures for Prevention of Discrimination and Harassment, the Control Procedures for Child and Underage Workers, the Control Procedures for Prevention of Forced Labor and other institutional documents, clearly opposing any form of discrimination and harassment, so as to firmly prevent the use of child and forced labour.

The Group has developed a sound democratic management mechanism, by establishing a Staff Delegation and a Labor Dispute Mediation Committee, and setting up trade union organizations in certain regions to safeguard employees' rights to participate in democratic supervision. The policies involving employees' vital interests are released and the revisions to major provisions of the Employee Handbook are made in strict compliance with the Articles of Association of the Workers' Congress, and are submitted to the Staff Delegation for review and approval prior to implementation, ensuring that the policies are formulated in an open, fair and transparent manner, so as to effectively safeguard the legitimate rights and interests of employees, and to continuously enhance the trust in and the governance level of the organization.

Meanwhile, the Group has established diversified grievance channels for employees, including a complaint email address, emergency contacts, the “Employee Q&A” and “Chinasoft International Assistant” on the corporate portal, among others, and also set up dedicated channels for reporting sexual harassment, including an official email address, regional EHS officer, a reporting phone number and a geek platform. We strictly enforce the confidentiality system to effectively safeguard the personal safety, dignity and occupational health of our employees, and make our best efforts to build a trustworthy and warm workplace governance ecosystem.

4.2 Support for Staff Development

Adhering to the people-oriented philosophy, the Group has improved the talent development and management system, established a diversified platform for growth, developed a clear qualification framework, and integrated extensive learning resources, to create a comprehensive, multi-channel and systematic talent development path. It has continuously empowered employees at all positions and career stages to fully release their potential and accelerate their growth, so as to consistently build a high-caliber workforce with high cohesion.

Career Development

The Group has established a multi-channel job grade system, which includes management, professional, administrative and other employee groups, and more than 50 development channels and 15 promotion grades, providing diversified development paths for employees.

Employee Training

Adhering to the philosophy of “talent leading development and training empowering the future”, the Company has established a systematic, hierarchical and categorized employee training and development framework, which is coordinated by the Human Resources Department of the head office, and guided by the support for the Company’s strategy (such as AI transformation) and business objectives, aiming to enhance employees’ professional competencies and managerial calibres through a full range of learning initiatives, thereby building a professional workforce.

Management capability development	Implement hierarchical competency development programmes for managers to enhance management concepts and practical skills, and build a management team that aligns with the Group’s culture and supports sustainable development.
Professional competency development	Develop learning maps and improve learning resources based on employees’ professional development paths and the competency requirements of their positions and grades, and support the growth of employees’ professional competency through topic seminars, exchanges of experience and targeted training activities, etc.
General ability development	Focusing on the Group’s development and employee growth, we organized training activities, including professionalism enhancement, general vocational skills training, comprehensive quality improvement, and new employee training, to continuously improve employees’ overall capabilities.

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Details of the Group’s hierachical training system are set out below:

- **Management training**

The Company continues to conduct the “Tactical Training Team” programme for its core management members, which, centering on the “faith, trust, trustworthiness” for cadres and members, and with a focus on AI scenario application and Agent training, development and practices, in combination with the expansion of large strategic core clients, aims to explore and empower the Company’s learning-oriented cadres and specialized talents in the area of AI and digital transformation in the new cycle. In 2025, the Company adopted a “training-and-battle combination” model and organized several offline training sessions and practical exercises in Beijing, Nanjing, Xi’an and other locations. The “Tactical Training Team” members mainly consist of M3-level cadres, covering frontline heads or deputy heads at the group or business line level of the Company’s eight business groups or legions, as well as AI specialists.



- **Professional training**

<p>2025 HR Rooted Engine Programme</p>	<ul style="list-style-type: none"> • In order to better support the achievement of business objectives, the Human Resources Department of the head office conducted training needs surveys across all business units and performed a comprehensive headcount of HR personnel to gain an accurate understanding of the current capabilities and training needs of the HR team. In 2025, focusing on the requirements to “tailor and refine the HR system to address practical issues”, the Human Resources Department completed the establishment of a curriculum framework for the HR sequence, developed a hierachical “Comprehensive Roadmap for HR Sequence Training System”, and organized internal and external lecturers to develop new courses and continuously update existing ones, thereby upgrading the training system in a full range.
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<p>Project Manager Conference</p>	<ul style="list-style-type: none"> At the 2025 Project Manager Conference, the Company focused on upgrading organizational capabilities and talent development in the AI era, and systematically explained the transformation paths and future directions for project managers. Through a series of thematic talks, such as “Efficiency Enhancement throughout the AI R&D Lifecycle” and “FDE Vanguard Delivery and PD Elite R&D”, the conference drove project managers to make the leap from “knowing how to use tools” to “effectively leveraging AI”, aiming to gradually cultivate new project management talents capable of maintaining an end-to-end and holistic perspective, leading complex integrated projects, and utilizing AI to achieve risk management and delivery efficiency enhancement.
<p>EHS Training for Risk Prevention and Control</p>	<ul style="list-style-type: none"> EHS management empowerment for HR system personnel and grassroots supervisors, sharing and guidance on EHS incident handling methods for specific cases; holding exams for key points, strengthening EHS risk management awareness and guidance on handling methods, and improving EHS incident handling ability.
<p>Special AI Training</p>	<ul style="list-style-type: none"> Through the specialized AI training and the ongoing communication of Frontiers of AI Intelligence, we have established an AI technology-empowered path. As a platform for internal and external interaction and exchange in Process IT, it promotes the application of AI tools in the scenarios such as office efficiency and programming, fosters the dissemination of AI knowledge across the entire organization, and creates a good AI learning atmosphere.
<p>Agent Development Engineer Training</p>	<ul style="list-style-type: none"> Focusing on the key role of “Agent Development Engineer”, we have conducted research to establish the role profile, clarified skill requirements and internal transition paths, and defined the criteria of transition from other roles to AI-related positions. We have developed differentiated career transition learning maps according to job responsibilities, and advanced the achievement of the Company’s dual business objectives centered on AI, by learning from excellent practices, in-house successful cases and technical knowledge sharing within the Company. In 2025, we completed the establishment of the Agent development engineer training system, with over 3,500 participants, achieving a training coverage rate of 74%.

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- **New employee training**

To strengthen the foundation of our corporate culture, the Group conducts new employee training for all new employees. It has established a top-down rolling new employee training system structured by “headquarters coordination – departmental implementation – job matching”, with the key training content including core values, digital office, Company introduction, human resources policies and regulations, quality management and information security. By combining online courses self-learning with online closed-book exams, it realises comprehensive coverage of all training contents and advances training pace level by level, thereby ensuring that new employees integrate into the corporate culture as soon as possible and master the required job skills and understand compliance requirements.

All training sessions are taught by professional lecturers, the Company’s experts, and senior executives, deeply integrating core requirements with business practices to ensure that the content is authoritative, practical and implementable. Meanwhile, to complement online training, the Company simultaneously conducts physical training for functional departments of the head office. In 2025, multiple departments organized two sessions of physical training, covering 31 new employees in total and supporting for their growth in all respects. This rolling training model has not only effectively enhanced new employees’ compliance awareness and job matching rate, but has also provided strong support for the Company’s talent pipeline development, injecting fresh impetus into the Company’s high-quality development.

In 2025, new employee training covered over 11,000 participants, and passing the training exams has become a requisite condition for new employees to be formally hired.



Disclosure of Development and Training Data

Indicator	Data for 2025
Total training hours of employees (hours)	267,442
Average training hours of employees (hours/person)	3.45
Total training hours of male employees (hours)	192,972
Average training hours of male employees (hours/person)	3.45
Total training hours of female employees (hours)	74,470
Average training hours of female employees (hours/person)	3.45
Average training hours completed by senior management (hours/person)	4.8
Average training hours completed by intermediate management (hours/person)	3.3
Average training hours completed by junior management (hours/person)	2
Proportion of male employees trained (%)	98
Proportion of female employees trained (%)	97
Percentage of senior management trained (%)	100
Percentage of intermediate management trained (%)	100
Percentage of junior management trained (%)	97

4.3 Employee Care and Wellness

The Group attaches high emphasis on the occupational health and safety of its employees, and strictly abides by “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, the “Social Insurance Law of the People’s Republic of China” and other laws and regulations. During the year, the Group updated the Operation Guides for Employee Health and Safety Risk Prevention and Control, the Comprehensive Assessment Management Regulations, the Emergency Response Plan for Personal Safety Incidents and other documents, to clarify the management mechanisms for prevention and control of the health and safety risk of employees, and to continuously strengthen the Company’s health management capabilities. In order to provide a healthy and safe office environment for its employees, the Group provided its employees with all-round care and protection, and organised various employee activities to continuously enhance their sense of well-being and sense of belonging. During the Reporting Period, the Group further improved its internal management processes and the certification of ISO 45001 Occupational Health and Safety Management System continued to be effective.

Focusing on Health and Safety

The Group always puts the physical and mental health and life safety of its employees in the first place, and continuously deepens the construction of its environment, health and safety (EHS) management system. Through systematic sorting and optimisation, a safe and healthy office environment has been created for employees. During the Reporting Period, the Group implemented various initiatives to safeguard the occupational health and safety of its employees:

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Occupational Health and Safety Management	<ul style="list-style-type: none"> Continuously improve the organizational structure and process of the EHS management, promote full coverage of EHS digital system, and realise the four major functions of EHS information management, risk control, event control and case database management, to effectively improve the safety management efficiency and reduce operational risks; Establish EHS risk personnel accounts, and implement dynamic tracking and health monitoring of key positions and relevant personnel, to strengthen safety risk prevention at source.
Safety Awareness and Capability Development	<ul style="list-style-type: none"> Launch an EHS empowerment theme month to conduct thematic training and knowledge dissemination, while simultaneously advancing the establishment of the Health and Safety Month. Through diversified promotional and interactive formats, we have popularized safety knowledge and protective skills, creating a health and safety culture where all employees focus and actively participate; Conduct capability enhancement training for general management to standardize management practices and strengthen the foundation of safety management.
Mental Health Care	<ul style="list-style-type: none"> Establish a multi-layer mental health support system. We continue to operate the Employee Psychological Assistance Programme (EAP), covering nearly 50,000 employees, to provide psychological support for employees in a timely and effective manner by means of psychological assessment, a 24-hour assistance hotline, professional psychological counseling, mental health training, and outbound business trip assessment; Conduct mental health assessment activities such as the Sunshine Heart Examination Activity, to help employees improve their self-awareness and emotional regulation skills; Regularly invite psychologists to conduct thematic seminars that guide employees to effectively release their stress in workplace by combining interactive activities and practical skills to safeguard their mental health. In 2025, the mental health of our employees were generally in good condition.

<p>Health Insurance and Welfare Support</p>	<ul style="list-style-type: none"> In terms of physical examination, we have cooperated with professional physical examination agencies to offer preferential physical examination services to new employees. We also organize regular free physical examinations for in-service employees, with 1,163 employees in special positions participating in occupational health check-ups on time. We offer preferential physical examination packages for family members of our employees to extend health benefits to them. In terms of insurance coverage, we make contributions to five insurances and one fund for our employees in accordance with the law; and purchase supplementary medical, maternity, critical illness, accidental injury and other commercial insurance for employees who have served the Company for three years or more and have achieved good performance, benefiting over 28,000 employees. We purchase customized supplementary commercial insurance for employees in special positions, and also provide preferential purchase channels for commercial insurance to employees with less than three years of service experience and the children of our employees, benefiting over 2,500 employees and 5,300 children of our employees. We continue to optimize the online self-service insurance and claim system to improve the convenience of insurance services.
<p>Office Environment and Emergency Security</p>	<ul style="list-style-type: none"> Regularly conduct power, fire and other safety inspections on the office areas, strengthen facility maintenance and environmental management, and continuously improve office conditions, to create a safe, comfortable and clean workplace; Conduct routine emergency drills. In 2025, we organized a total of 18 emergency drills of various types, with the achievement rate of BCM drill plans reaching 90%, and several drill cases were recognized as the model cases. By improving the BCM management system and performance evaluation mechanism, we have continuously enhanced our ability to respond to emergencies, providing a solid foundation for employees' work and the Company's stable operations.

Health and Safety Data Disclosure

Indicator	2023	2024	2025
No. of work-related fatalities (persons)	1	1	0
Ratio of work-related fatalities (%)	0.001	0.001	0
No. of working days lost due to work-related injuries (days)	1,055	1,494	2,171 ^{note 1}

Note 1. The total number of employees has increased compared to the previous year, while the number of working days lost per employee due to work-related injuries remained largely unchanged from the previous year.

Focus on Employee Care

The Group continues to focus on the well-being of its employees, and actively creates a respectful, inclusive and supportive working atmosphere. By organising a variety of employee activities and providing timely care and support, the Group is committed to enhancing the sense of belonging and happiness of employees and promoting the mutual growth and harmonious development of the Company and its employees.

The Group carried out the following initiatives to promote employee care:

Smooth communication channels	Establish normalized channels of communication online and offline, improve feedback collection, respond promptly to employee concerns, and foster an open and inclusive atmosphere for internal communication.
Democratic participation	Develop and implement the Employee Voice Management Measures, with an aim to encourage the participation of employees in the management of the Group, and give full play to the subjective initiative of the employees, so as to promote the Company's continuous progress together.
Caring condolences	Attach importance to the humanistic care of employees, and show care and condolences to employees in important festivals, to improve employee cohesion and sense of belonging, reflecting the Company's respect and care to its employees.

Case: Carnival Activity

The Group convened a leadership conference, as well as held an annual oath-taking rally and mobilization event, an award-presenting banquet and a live broadcast of the CEO's New Year talk. Focusing closely on the Group's strategic plan for 2025, the conference aligned development directions, deepened strategic synergy and further united the collective strength of all employees to inject strong impetus into the high-quality development for the following year. The 2025 Carnival activity attracted a total of 36,000 participants, representing a participation rate of 48%.



Case: Assistance for Employees in Need

In 2025, actively responding to the “people-oriented” management philosophy of the Company's Party Committee, the Nanjing United Trade Union regularly identified employees and Party members in need, and took a series of care initiatives, including the distribution of relief funds and supplies, the establishment of summer childcare programs, and the organization of vocational sports events, for addressing the issues raised by employees, such as “high work pressure”, “childcare difficulties during summer vacations”, and “helping Party members and employees in need”, which has effectively tackled employees' difficulties and strengthened team cohesion.



Case: Festival Activity Series

The Group organized a series of festive events, including the “Every Step Counts” 10,000-Step Walk for the Dragon Boat Festival and the “New Journey Begins When the Moon Rises” special event for the Mid-Autumn Festival. By integrating the traditional culture with modern care, the Group invited employees to participate in lantern riddle guessing, poster creation and other interactive activities, fostering a vibrant festive atmosphere. These activities spanned online and offline channels and enhanced the employees’ sense of belonging and engagement in combination with the distribution of holiday benefits, further strengthening the permeation of corporate culture and organizational cohesion.



Case: Redesigning Service Anniversary and Birthday Cards

To enhance employee care, the Group customized 26 sets of exclusive messages based on employees' years of service, and pioneered the "Annual Exclusive" series of service anniversary cards, which were designed with "segmentation by the age group". By innovatively incorporating H5 dynamic sound effects, we completed a comprehensive redesign and introduction of birthday and service anniversary cards, promoting the greeting experience upgrading from "one-way communication" to "two-way resonance". This initiative has significantly enhanced the warmth and sense of personalization of the greetings.



Case: Creating a Mid-Year/Year-End Sprint Atmosphere

The Group's mid-year/year-end sprint atmosphere creating campaign innovatively integrated employee care and strategic goals, and engaged the employees across all channels to foster a positive sprint atmosphere through the "Every Step Counts" 10,000-Step Walk challenge in combination with health initiatives and business advancement. Based on the 2025 budget and AI revenue targets, 126 posters were displayed across 29 key locations to achieve high-frequency exposure of strategies. We launched the "Showcase of 100-Day Sprint Story Series", presenting 19 episodes of frontline actual cases in the form of AI podcasts, to amplify the influence of role models; and enhanced the pace of execution by continuously releasing countdown reminders in management groups, providing strong support for sustainable development.



5. COMMUNITY INVESTMENT

The Group has actively fulfilled its corporate social responsibility by continuously engaging in community development and public welfare undertakings, thereby establishing a supportive community ecosystem. During the Reporting Period, the Group planned and organised a series of public welfare activities in a variety of forms, including blood donation, community care services for the elderly and children, helping party members in difficulty and environmental beautification, etc. These voluntary activities conveyed love to all walks of life, supported community sustainable development, and contributed to society through concrete actions.

Case: Support for Fire Rescue and Post-Disaster Reconstruction at Hung Fook Court in Tai Po, Hong Kong

During the Reporting Period, a severe fire accident broke out at Hung Fook Court in Tai Po, New Territories, Hong Kong, resulting in significant casualties and property damage, which drew widespread concerns from all walks of life. To provide emergency support for affected communities to overcome difficulties and to support community recovery and reconstruction, the Group donated a total of HK\$5 million to the “Tai Po Hung Fook Court Relief Fund” and the “Hospital Authority Charitable Fund”. These funds will be earmarked specifically for the resettlement of the affected residents, medical assistance and restoration of community facilities, with the aim of providing tangible assistance to the disaster-affected families and conveying warmth and support.

As a Hong Kong-listed technology company with a strong sense of social responsibility, the Group has always adhered to the philosophy of “Technology for Good”, rooted in and contributed to Hong Kong. We have deeply penetrated into the field of digital technology, continued to strengthen our collaboration with the Hong Kong SAR Government, relevant organizations and all sectors of society, and actively explored how to facilitate the further improvement of Hong Kong’s public safety and social service systems by using advanced technologies.



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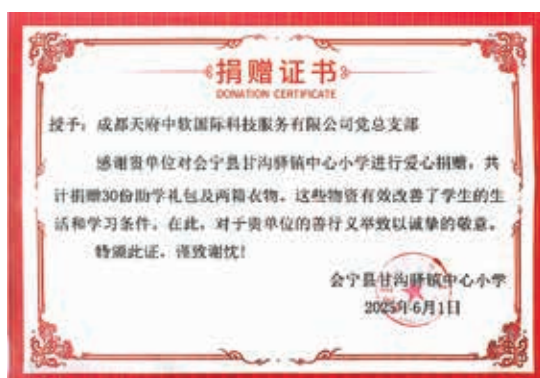
Case: Launching “Learn from Lei Feng” Volunteer Service Activity

On the occasion of the 62nd Learn from Lei Feng Day and the 26th China Youth Volunteer Service Day, the Nanjing Party General Branch of the Group, jointly with the Jiangning District Committee Cyberspace Administration, organized Party members and prospective Party members to visit local communities and carry out volunteer service activities. The event offered free haircuts, health screenings, smartphone cleaning and other community services, as well as conducted anti-fraud campaigns to educate residents on the prevention of risks associated with online shopping and fake order practices. Meanwhile, the event featured knowledge quizzes and fun games, attracting enthusiastic participation from residents and creating a lively atmosphere. By integrating professional expertise with community needs, this event effectively delivered practical assistance and warmth to the community residents, promoting the spirit of Lei Feng to take root at the grassroots level.



Case: Charity Donation for Primary Schools in Mountainous Area

The Group’s regional offices have actively fulfilled their social responsibilities and fully leveraged their strengths to support the healthy growth of primary and middle school students. During the Reporting Period, the Group’s Chengdu and Chongqing regional offices jointly organized the “Guarding Seedlings under the Party Flag, Nurturing Growth with Great Love” charitable donation campaign, to deliver essential supplies, such as school materials and sports equipment for primary schools in remote mountainous areas. Through these small acts of kindness, we provided support for the growth of children in these regions and contributed to the balanced development of education.



Case: Dengue Fever and Chikungunya Fever Prevention Campaign

During the Reporting Period, the Group’s Party Branch in Guangzhou organized volunteer activities to prevent dengue fever and Chikungunya fever. Party members actively engaged with their local communities by visiting residents’ homes to publicize preventive measures and cleaning up rubbish in community corners, among other means, which effectively raised residents’ awareness of health protection, with a coverage of more than 10 communities and over 100 residents. Through these concrete actions, the Group fulfilled its social responsibilities and helped foster a safe and healthy community environment.



154 Biographical Details of Directors and Senior Management

The profile of the Directors and senior management up to the date of this report are as follows:

DIRECTORS

Executive Directors

Dr. Chen Yuhong (陳宇紅), aged 63, is the Chairman and the Chief Executive Officer of the Company and is responsible for the overall business development of the Group. He has over 20 years of practicing experience in software information industry. Dr. Chen holds a doctorate degree in optics from Beijing Institute of Technology (北京理工大學) in 1991. Prior to joining the Company on 25 April 2000, Dr. Chen worked at China National Computer Software & Technology Service Corporation (“CS&S”) from October 1996 to April 2000, subsequently was appointed as vice president in June 1999 and as senior vice president of CNTC (中軟網絡信息技術有限公司) in December 2003. From June 1991 to October 1996, he was the deputy general manager of China Great Wall Computer Software Co., Ltd. (中國長城計算機軟件公司).

Dr. He Ning (何寧), aged 64, has over 38 years of management experience in the areas of science and technology, operations, investments, etc. His work experience has accumulated along with the development of the telecommunications industry and information technology (IT) industry of China. Dr. He is familiar with the rules of development of the technology, media, and telecom (TMT) sector and has rich experience in management and operations. Dr. He graduated from the Nanjing Institute of Posts and Telecommunications in 1983 with a bachelor’s degree in telephone automatic switching. He subsequently received a master’s degree in business management from Maastricht School of Management of the Netherlands in 2002, and received a Doctor of business administration degree from the Hong Kong Polytechnic University in 2005. Dr. He has been appointed as an executive director and vice chairman of the Board on 18 May 2021. Before that, Dr. He was a director on the board of directors of China Telecom (Hong Kong) Limited from August 1998 to June 2000; a director on the board of directors of China Mobile (Hong Kong) Limited, the chairman of the board of directors and the general manager of Jiangsu Mobile Communication Company Limited* (江蘇移動通信有限責任公司) from June 2000 to January 2003; a director and the deputy general manager of China Mobile (Hong Kong) Limited from January 2003 to December 2005; the chairman of the board of directors and the general manager of China Mobile Group Beijing Co., Ltd.* (中國移動通信集團北京有限公司) from December 2005 to 2 February 2012; the chairman of the board of directors and the general manager of China Mobile Group Device Co., Ltd.* (中國移動通信集團終端有限公司) from February 2012 to October 2015; and the chairman of the board of directors of China Mobile Capital Holdings Co., Ltd.* (中移資本控股有限責任公司) and the chairman of the board of directors of China Mobile Investment Holdings Co., Ltd.* (中移投資控股有限責任公司) from October 2016 to September 2020. In addition, from September 2019 to November 2020, Dr. He also acted as the chairman of the board of directors of 5G Fund Management Company, an executive director of China Mobile Venture Capital Co., Ltd.* (中移創業投資有限責任公司), a director of China Mobile State Innovation Investment Management Co., Ltd.* (中移國投創新投資管理有限公司), and took up the roles as a director and a supervisor, etc. of national 100 billion industrial investment fund limited company.

Dr. Tang Zhenming (唐振明), aged 63, is the senior vice president of the Company. He is responsible for the Company’s Education Technology Group and has over 20 years practicing experience in software information industry. Dr. Tang obtained a doctorate degree in motor electronic control from Beijing Institute of Technology (北京理工大學) in 1994. Prior to joining the Company on 25 April 2000, Dr. Tang was employed by Beijing Institute of Technology Industrial Company (北京理工大學產業總公司) as deputy general manager from May 1995 to July 1998 and by Chinasoft Cyber Information Technology Co., Ltd (Beijing) as deputy general manager from August 1998 to March 2003. Dr. Tang was also employed by American W&P Company, Beijing Office (美國W&P公司北京辦事處) as officer from December 1993 to March 1995.

Non-executive Directors

Dr. Zhang Yaqin (張亞勤), aged 60, was appointed on 31 December 2008. Dr. Zhang Yaqin is chair professor and dean of the Institute for AI Industry Research at Tsinghua University. Dr. Zhang Yaqin was the President of Baidu, Inc. (listed on NASDAQ, NASDAQ: BIDU) from September 2014 to October 2019, in charge of autonomous and intelligent cloud emerging business and basic technology system and etc., and also the Chairman of Baidu R&D Centre in U.S.. Prior to joining Baidu, Dr. Zhang served various positions at Microsoft Corporation (listed on NASDAQ, NASDAQ: MSFT) from January 1999 to September 2014, including: the corporate vice president of Microsoft Corporation, the chairman of Microsoft Asia-Pacific Research & Development Group responsible for driving Microsoft's overall research and development efforts in China and the Asia-Pacific region, the managing director and the chief scientist as well as an original founder of Microsoft Research Asia where he was in charge of Microsoft's mobile and embedded division in Microsoft's headquarters. Dr. Zhang is also a member of Committee 100, a group of leading Chinese-Americans to promote the political, science, social and economic exchanges between the US and China. Dr. Zhang was elected Foreign Member of Chinese Academy of Engineering in 2021. Dr. Zhang honored academician of the American Academy of Arts and Science in 2019. Dr. Zhang was awarded a fellow of the Australian Academy of Technology and Engineering in December 2017, and he has also been a fellow of the Institute of Electrical and Electronics Engineers since March 1997. Dr. Zhang obtained his bachelor's degree in radio electronics and master's degree in telecommunication and electrical systems from the University of Science and Technology of China (中國科技大學) in July 1983 and January 1986 respectively. In February 1990, Dr. Zhang obtained his Ph.D. degree in electrical engineering from George Washington University, Washington D.C. Dr. Zhang has been an independent non-executive director of a number of companies, including AsialInfo Technologies Limited (listed on the Stock Exchange, stock code: 1675) since August 2018. He has been an independent non-executive director of WPP (NASDAQ: WPPGY) since January 2021.

Mr. Gao Liangyu (高良玉), aged 60, is the chairman of the board of Gao Zheng Asset Management Limited (高正資產管理有限公司) since September 2017. Mr. Gao was served as the chairman of the board of CSOP Asset Management Limited (南方東英資產管理有限公司) since March 2013, engaging in asset management business. Prior to joining CSOP Asset Management Limited, Mr. Gao was previously the deputy general manager at China Southern Fund Management Co., Ltd. (南方基金管理有限公司) in March 1998 and became the general manager of the same company from September 1998 to March 2013, responsible for the management and operation. Mr. Gao acted as the deputy division chief of the Public Offering Supervision Department of the China Securities Regulatory Commission (中國證券監督管理委員會) from March 1993 to March 1998, the section chief of the Finance Management Department of the People's Bank of China (中國人民銀行) from February 1991 to March 1993, studied in the Postgraduate Department of Financial Research Institute of the People's Bank of China from September 1988 to February 1991, and an officer of the Audits Department of Nanjing Agriculture University (南京農業大學) from July 1986 to August 1988. He served as an independent non-executive director of Jutal Offshore Oil Services Limited (巨濤海洋石油服務有限公司), a company listed on the Stock Exchange (stock code: 3303), from 2009 to 2015. Mr. Gao obtained his bachelor's degree in agricultural economics from Nanjing Agricultural University in July 1986.

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Independent Non-executive Directors

Dr. Lai Guanrong (賴觀榮), aged 63, was appointed on 2 June 2015. Dr. Lai is the independent director of China Securities Co., Ltd. (中信建投證券股份有限公司) (Shanghai Stock Exchange stock code: 601066SH) and the independent director of Dongxing Securities Co., Limited (東興證券股份有限公司) (Shanghai Stock Exchange stock code: 601198SH). He previously acted as the director of Zhongke Industrial Group (Holding) Company Limited (中科實業集團(控股)有限公司), the deputy general manager (host duty) of Minfa Securities Company Limited (閩發證券有限公司), the deputy director of the Fujian Branch Office of the People's Bank of China (中國人民銀行福建省分行), the general manager of Fujian Min Qiao Trust Investment Company Limited (福建省閩南僑鄉信托投資公司), the president of Huafu Securities Company Limited (華福證券有限責任公司), the president of Jiahe Life Insurance Company Limited (嘉禾人壽保險股份有限公司), the Vice Chairman of Agricultural Bank of China Life Insurance Company Limited (農銀人壽保險股份有限公司), the Chairman of the Supervisory Board of Beijing Zhongguancun Science City Construction Company Limited (北京中關村科學城建設股份有限公司), the Chief Economist and Investment Committee Member of Shenzhen Yuanzhi Fuhai Investment Management Company Limited (深圳市遠致富海投資管理有限公司), the independent director of Xinyuan Enterprise Group Company Limited (信源企業集團有限公司) and the independent director of New China Life Insurance Company Limited (新華人壽保險股份有限公司). Dr. Lai graduated from the Xiamen University with a bachelor's degree in economic. He was awarded a master's degree by the research department of the Graduate School of the People's Bank of China. He was awarded a doctor's degree in economic from the Xiamen University.

Professor Mo Lai Lan (巫麗蘭), aged 67, obtained her bachelor and Ph. D degrees in Accountancy from the Chinese University of Hong Kong and M.B.A. degree from Birmingham University in U.K.. She is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Prof. Mo joined The Hang Seng University of Hong Kong in January 2025 as the Head and Professor of the Department of Accountancy. Previously, Prof. Mo served as Professor of Accountancy at City University of Hong Kong (2011-2024) and was the Associate Director of the Research Centre for Sustainable Hong Kong (CSHK) (2017– 2024). CSHK is a strategic applied research center established at the City University of Hong Kong which aims at conducting impactful research in response to real-life sustainability challenges in Hong Kong and the region. Prof. Mo served as Professor and Head of the Department of Accountancy at Lingnan University from 2006 to 2011. She also had teaching and research experiences with other prominent research universities. Prior to joining the academia, Prof. Mo worked at a leading international certified public accountants firm as a professional auditor and a listed company as an internal auditor. Prof. Mo was a member of the Auditing & Assurance Standards Committee of the HKICPA from 2012 to 2017, and a member of Board of Review (Inland Revenue Ordinance, Hong Kong) from 2015 to 2020. In 2024, Prof. Mo was appointed as a Non-Executive Director of the Board of the Accounting and Financial Reporting Council (AFRC), Convenor of the Financial Reporting Review Panel of the AFRC and a Specialist of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications (HKCAAVQ). Professor Mo's research focuses on audit quality, tax compliance, corporate governance and sustainability. Many of her papers represent pioneer works on accounting research published in leading international research journals. She also co-authored books on corporate governance of traditional Chinese enterprises and family businesses, namely "A Dream of the Red Chambers and Corporate Governance of Family Businesses" 《紅樓夢與家族企業管治》, "Corporate Governance of Pawnshops in the Chinese Communities" 《華人社區當舖業與公司管治》 and co-edited a book entitled "Transcending the Bottleneck – The Hong Kong Accountancy Profession" 《突破瓶頸－香港會計業》. Professor Mo is currently an Associate Editor of the Accounting and Business Research (founded by the Institute of Chartered Accountants in England and Wales). She is also a member of the Editorial Board of AUDITING: A Journal of Practice & Theory and Journal of International Accounting Research which are leading research journals in Auditing and International Accounting respectively. At present, Professor Mo also serves as independent non-executive director of Acme International Holdings Limited.

Biographical Details of Directors and Senior Management 157

Mr. Yeung Tak Bun, J.P. (楊德斌), aged 60, holds a Bachelor of Science in Electrical Engineering from the University of Texas (Austin) in the US, a Master of Science in Electrical Engineering from Purdue University in the US, and an Executive MBA from the Kellogg School of Management of the University of Northwestern in the US in conjunction with the Hong Kong University of Science and Technology. Mr. Yeung started his career in the Silicon Valley, California in 1987 and had worked for several high-tech companies. Mr. Yeung held senior management positions in several multinational corporations with operations throughout Asia. When Mr. Yeung was the Chief Corporate Development Officer of the Hong Kong Science and Technology Parks Corporation in 2009, he was responsible for the development strategy of the science park, global partnership, incubation programme for start-ups, nurturing bio-tech, green-tech, IT and electronics enterprises, and initiated the science park corporate venture fund. During mid-2015–mid 2018, Mr. Yeung was appointed as the Government Chief Information Officer, head of department, and a Justice of the Peace, by the Hong Kong SAR Government. Mr. Yeung was responsible for formulation of policies and strategies for Hong Kong's information industry in development of the digital economy, e-government, cyber-security, and formulation of the blueprint for developing Hong Kong into the world's leading smart city. Mr. Yeung co-founded Intelli Global Corporation in late 2018 with international smart city and big data experts to provide top-level design and big data/artificial intelligence related products that foster city governments and companies around the world in managing cities with new smart city concepts, improving the quality of life, reducing management costs and improving urban governance efficiency. Mr. Yeung is currently the Chief Executive Officer of and Strategic Adviser to Intelli Global Corporation. Mr. Yeung holds the public positions of an Expert Group Member of the Chief Executive Policy Unit and a Member of the Digital Economy Development Committee of the HKSAR Government. He is also the President of Greater Bay Area International Information Technology Industry Association and the Founding Chairman of the Institute of Big Data Governance. In addition, Mr. Yeung serves as an independent non-executive director of companies which are listed on The Stock Exchange of Hong Kong Limited, including Yau Lee Holdings Limited (Stock Code 406) and UMP Healthcare Holdings Limited (Stock code 722). He also serves as an independent non-executive director of POA Bank Limited which is a wholly-owned subsidiary of Lufax Holding Ltd (listed on the New York Stock Exchange (NYSE: LU) and The Stock Exchange of Hong Kong Limited (Stock Code 6623)) and a member of Ping An Insurance (Group) Company of China Ltd.. (listed on The Stock Exchange of Hong Kong Limited (Stock Code 2318) and on the Shanghai Stock Exchange (SSE 601318)).

158 Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Simon Chung (鍾鎮銘), aged 65, is the global chief operating officer of the Company. He is responsible for the Company's overseas strategic development. He has over 30+ years of experience in IT professional services covering account management, service delivery management, technical sales, quality assurance and control, project management and customer support operation of public government, telecom, finance, high-tech and digital transformation sectors. He holds a bachelor's degree in Computing Mathematics from the University of Wollongong in Australia. Prior to joining the Company, he was a project director of Atos Origin responsible for the management of large scale projects and service delivery for major clients in Asia Pacific from 1996 to 2005.

Mr. Liao Yuanfeng (廖元峰), aged 46, is the chief financial officer of the Company. He is responsible for the corporate finance, operations, internal control, and risk management work. He joined the Group in May 2016 and was appointed on 5 November 2018 as vice president and general manager of the financial management department and on 16 April 2020 as deputy chief financial officer. Prior to joining the Company, Mr. Liao had variously been the head of finance of the Ukraine Representative Office of Huawei Technologies Company Limited, Xi'an Huawei, and the finance and quality operations department of a subsidiary from October 2007 to April 2016, and was a senior financial expert. Mr. Liao have also been the finance manager of the Pakistan subsidiary and the senior finance manager of the Asia-Pacific region of the TIENS Group, Tianjin, from April 2003 to July 2007. From September 1997 to August 2001, Mr. Liao worked in the accounting department of Xinfeng County Sub-branch of China Construction Bank. He holds a Master of Business Administration degree from Hunan University and is a Fellow of the Association of International Accountants (FAIA).

Ms. Leong Leung Chai, Florence (梁良齊), aged 46, is the company secretary and authorised representative of the Company and was appointed as the deputy chief financial officer of the Company in May 2017. She joined the Company in November 2005 to serve as the Financial Controller of the Group, and became the Company Secretary of the Company and an authorised representative since August 2013. Ms. Leong performs the duties of company secretary, and is responsible for the Group's regulatory compliance and financial reporting. Before joining the Company, Ms. Leong worked in an international audit firm for over 5 years where she was mainly responsible for financial auditing and internal control reporting. She has over 20 years' experience in financial auditing, listing compliance and corporate governance. Ms. Leong is a member of the Hong Kong Institute of Certified Public Accountants and holds a bachelor degree (Hons) in Accountancy.

COMPANY SECRETARY

Ms. Leong Leung Chai, Florence (梁良齊) is the deputy chief financial officer, qualified accountant, company secretary and authorised representative of the Company. Please refer to the paragraph headed "Senior Management" in this section above for details regarding her background.

**TO THE SHAREHOLDERS OF CHINASOFT INTERNATIONAL LIMITED**

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chinasoft International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 163 to 247, which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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KEY AUDIT MATTERS – CONTINUED

Key audit matter

Goodwill impairment assessment

We have identified goodwill impairment assessment as a key audit matter because determining the recoverable amount of the relevant cash-generating units (or group of cash-generating units) to which goodwill has been allocated, requires a significant degree of management judgement and may be subject to management bias.

The determination of whether goodwill is impaired requires management to make significant estimates such as the discount rates, forecasts of future revenue growth rates and gross margins based on management's view of future business prospects.

Details of goodwill and the corresponding key estimation uncertainty on its impairment assessment are disclosed in notes 17 and 4 to the consolidated financial statements, respectively.

How our audit addressed the key audit matter

Our procedures in relation to goodwill impairment assessment included:

- Assessing the valuation methodology;
- Challenging the appropriateness of the significant estimates used, including specifically future revenue growth rates and gross margins used in the impairment testing model based on our knowledge on the business and industry;
- Performing retrospective review on significant estimates used; and
- Performing an independent assessment of the discount rates used in the impairment testing model, including developing a range of independent estimates and comparing those to the discount rates selected by management, with the assistance of our internal specialists.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

162 Independent Auditor's Report

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is TO, Kim Lai, Ricky (practising certificate number: P07430).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income 163

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	17,027,414	16,950,733
Cost of sales and services		(13,558,883)	(13,209,231)
Gross profit		3,468,531	3,741,502
Other income	6	238,338	241,941
Loss from derecognition of financial assets measured at amortised cost		(2,621)	(2,815)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	7	(206,060)	(273,855)
Impairment loss on goodwill		(103,838)	–
Impairment loss on investment accounted for using the equity method	18	–	(13,703)
Other gains or losses		252,845	219,574
Selling and distribution costs		(860,479)	(875,097)
Administrative expenses		(1,085,365)	(1,220,082)
Research and development costs		(1,040,891)	(906,274)
Other expenses		(94,674)	(95,070)
Finance costs	8	(119,446)	(175,918)
Share of results of investments accounted for using the equity method		(45,470)	(72,107)
Profit before taxation		400,870	568,096
Income tax expense	9	(77,360)	(56,951)
Profit for the year	10	323,510	511,145

164 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		5,476	(8,472)
Other comprehensive income/(expense) for the year, net of tax		5,476	(8,472)
Total comprehensive income for the year		328,986	502,673
Profit/(loss) for the year attributable to:			
Owners of the Company		321,449	512,925
Non-controlling interests		2,061	(1,780)
		323,510	511,145
Total comprehensive income/(expense) attributable to:			
Owners of the Company		326,925	504,453
Non-controlling interests		2,061	(1,780)
		328,986	502,673
Earnings per share	13		
Basic		RMB0.1284	RMB0.2001
Diluted		RMB0.1222	RMB0.1923

Consolidated Statement of Financial Position 165

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	1,536,639	1,341,755
Right-of-use assets	15	647,818	722,936
Intangible assets	16	466,015	377,431
Goodwill	17	739,816	843,654
Investments accounted for using the equity method	18	497,230	445,327
Financial assets at fair value	19	813,504	503,553
Other receivables	21	10,579	5,584
Term deposits	26	1,119,000	1,384,000
Pledged bank deposits	26	9,037	15,655
Deferred tax assets	30	1,800	2,166
		5,841,438	5,642,061
Current assets			
Inventories	20	122,454	61,297
Trade and other receivables	21	6,339,174	6,458,917
Bills receivable	23	80,645	73,205
Contract assets	24	2,366,648	2,292,057
Financial assets at fair value	19	–	401,007
Derivative financial assets	38	–	5,441
Amounts due from related companies	25	155,350	150,845
Term deposits	26	1,014,000	129,240
Pledged bank deposits	26	39,695	87,258
Bank balances and cash	26	2,768,824	3,130,989
		12,886,790	12,790,256
Current liabilities			
Trade and other payables	27	1,684,301	1,976,013
Bills payable	23	6,538	52,233
Lease liabilities	28	54,467	103,713
Contract liabilities	29	118,693	136,119
Amounts due to related companies	25	28,731	29,791
Taxation payable		171,879	164,543
Borrowings	31	3,440,290	3,640,752
Derivative financial liabilities	38	40,300	–
		5,545,199	6,103,164
Net current assets		7,341,591	6,687,092
Total assets less current liabilities		13,183,029	12,329,153

166 Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	30	44,101	25,482
Lease liabilities	28	51,555	62,005
Borrowings	31	1,273,138	775,345
Derivative financial liabilities	38	–	27,827
		1,368,794	890,659
		11,814,235	11,438,494
Capital and reserves			
Share capital	32	123,434	123,434
Share premium	33	4,301,117	4,435,962
Treasury shares	40	(820,658)	(991,060)
Reserves	33	8,187,232	7,847,639
		11,791,125	11,415,975
Equity attributable to owners of the Company			
Non-controlling interests		23,110	22,519
		11,814,235	11,438,494

The consolidated financial statements on pages 163 to 247 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Dr. Chen Yuhong
DIRECTOR

Dr. Tang Zhenming
DIRECTOR

Consolidated Statement of Changes In Equity 167

For the year ended 31 December 2025

		Attributable to the owners of the Company													
		Share capital	Share premium	Treasury shares	Other reserves	Fair value through other comprehensive income	Translation reserve	Equity-settled share-based payment reserve	General reserve	Statutory enterprise expansion fund	Statutory surplus reserve	Accumulated profits	Total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	At 1 January 2024	133,029	5,474,719	(1,114,363)	(122,769)	(13,834)	(241,371)	268,500	15,733	26,749	355,695	6,743,079	11,742,461	24,299	11,766,760
	Profit for the year	-	-	-	-	-	-	-	-	-	-	512,925	512,925	(1,780)	511,145
	Other comprehensive expense for the year	-	-	-	-	-	(8,472)	-	-	-	-	-	(8,472)	-	(8,472)
	Total comprehensive (expense) income for the year	-	-	-	-	-	(8,472)	-	-	-	-	512,925	504,453	(1,780)	502,673
	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	203,865	-	-	-	-	203,865	-	203,865
	Repurchase of shares	-	-	(844,121)	-	-	-	-	-	-	-	-	(844,121)	-	(844,121)
	Cancellation of shares repurchased	(9,885)	(834,526)	844,121	-	-	-	-	-	-	-	-	-	-	-
	Share options expired	-	-	-	-	-	-	(69,171)	-	-	-	59,171	-	-	-
	Vesting of award shares	-	(13,546)	123,303	-	-	-	(107,755)	-	-	-	(41,426)	-	-	-
	Appropriations	-	-	-	-	-	-	-	-	-	41,426	-	(190,683)	-	(190,683)
	Dividends paid to ordinary shareholders (note 12)	-	(190,683)	-	-	-	-	-	-	-	-	-	-	-	-
	At 31 December 2024	123,454	4,430,962	(991,050)	(122,769)	(13,834)	(32,609)	309,439	15,733	26,749	397,121	7,273,749	11,415,975	22,519	11,438,494
	Profit for the year	-	-	-	-	-	-	-	-	-	-	321,449	321,449	2,061	323,510
	Other comprehensive income for the year	-	-	-	-	-	5,476	-	-	-	-	-	5,476	-	5,476
	Total comprehensive income for the year	-	-	-	-	-	5,476	-	-	-	-	321,449	326,925	2,061	328,986
	Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	170,421	-	-	-	-	170,421	-	170,421
	Vesting of award shares	-	(12,649)	170,402	-	-	-	(157,753)	-	-	-	-	-	-	-
	Appropriations	-	-	-	-	-	-	-	-	53,238	-	(53,238)	-	-	-
	Dividends paid to ordinary shareholders (note 12)	-	(122,196)	-	-	-	-	-	-	-	-	-	(122,196)	-	(122,196)
	Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,470)	(1,470)
	At 31 December 2025	123,454	4,301,117	(820,658)	(122,769)	(13,834)	(27,133)	316,107	15,733	26,749	450,359	7,541,960	11,791,125	23,110	11,814,235

168 Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before taxation	400,870	568,096
Adjustments for:		
Depreciation of property, plant and equipment	93,160	113,391
Depreciation of right-of-use assets	122,744	126,286
Amortisation of intangible assets	108,259	89,809
Finance costs	119,446	175,918
Loss from derecognition of financial assets measured at amortised cost	2,621	2,815
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	206,060	273,855
Impairment loss on goodwill	103,838	–
Impairment loss on investment accounted for using the equity method	–	13,703
Write-down loss on inventories	9,027	9,027
Share-based payment expenses	170,421	203,865
Gain on fair value change of financial assets at fair value through profit or loss (“FVTPL”)	(177,263)	(79,751)
Loss on fair value change of derivative financial instruments	16,942	11,786
Interest income	(74,982)	(102,701)
Share of results of investments accounted for using the equity method	45,470	72,107
Gain on deemed disposal of investments accounted for using the equity method	(70,560)	(74,247)
Gain on partial disposal of an investment accounted for using the equity method	–	(109,796)
Dividend income from financial assets at FVTPL	(278)	(6,355)
(Gain)/loss on disposal of property, plant and equipment	(674)	207
Gain on disposal of right-of-use assets	(1,304)	(10,547)
Exchange (gains)/losses	(11,921)	47,418
Operating cash flows before movements in working capital	1,061,876	1,324,886
Decrease/(increase) in trade and other receivables	32,856	(499,754)
Increase in contract assets	(142,216)	(336,190)
(Decrease)/increase in trade and other payables	(276,937)	223,802
Decrease in contract liabilities	(17,426)	(118,302)
(Increase)/decrease in bills receivable	(7,440)	1,340
(Increase)/decrease in inventories	(70,184)	25,858
Decrease/(increase) in amounts due from related companies	6,361	(27,478)
(Decrease)/increase in amounts due to related companies	(1,068)	327
(Decrease)/increase in bills payable	(45,695)	48,869
Cash generated from operations	540,127	643,358
Income taxes paid	(56,482)	(56,502)
Income taxes refunded	7,651	16,231
Net cash generated from operating activities	491,296	603,087

Consolidated Statement of Cash Flows 169

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Investing activities		
Purchases of property, plant and equipment	(301,368)	(209,494)
Placement of pledged bank deposits	(18,532)	(99,130)
Withdrawal of pledged bank deposits	72,714	36,111
Development costs paid	(196,843)	(131,104)
Placement of term deposits	(929,000)	(1,405,623)
Withdrawal of term deposits	309,041	1,155,014
Purchase of investments accounted for using the equity method	(28,290)	(57,469)
Purchase of financial assets at FVTPL	(461,562)	(807,123)
Proceeds from disposal of financial assets at FVTPL	729,881	445,000
Net cash inflow on disposal of subsidiaries/business	–	2,403
Proceeds from partial disposal of an investment accounted for using the equity method	10,000	49,800
Interest received	23,486	84,029
Proceeds from settlement of derivative financial instruments	973	45,945
Proceeds from disposal of property, plant and equipment	2,664	3,219
Dividend income from financial assets at FVTPL	278	6,355
Dividend received from investments accounted for using equity method	–	775
Advance to related parties	(23,972)	(19,045)
Payment for right-of-use assets	(13,773)	(401,950)
Payment for rental deposits	(6,263)	(5,476)
Withdrawal of rental deposits	9,441	23,448
Net cash used in investing activities	(821,125)	(1,284,315)
Financing activities		
Dividend paid	(122,196)	(190,683)
New borrowings raised	6,381,477	7,225,532
Repurchase of shares	–	(844,121)
Acquisition of non-controlling interests in a subsidiary	(1,470)	–
Advance from related companies	–	9
Repayment to related companies	–	(8)
Repayment of borrowings	(6,053,202)	(5,872,670)
Repayments of lease liabilities	(99,231)	(114,532)
Other interest paid	(130,146)	(153,041)
Net cash (used in)/from financing activities	(24,768)	50,486
Net decrease in cash and cash equivalents	(354,597)	(630,742)
Cash and cash equivalents at beginning of the year	3,130,989	3,788,110
Effect of foreign exchange rate changes	(7,568)	(26,379)
Cash and cash equivalents at end of the year, represented by bank balances and cash	2,768,824	3,130,989

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1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 February 2000 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 June 2003. On 29 December 2008, the listing of the shares of the Company was transferred to the Main Board of the Stock Exchange. The addresses of the registered office and principal places of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are development and provision of information technology (“IT”) solutions services, and IT outsourcing services.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standard in issued but not yet effective

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

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

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – CONTINUED

New and amendments to HKFRS Accounting Standard in issued but not yet effective – continued

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Basis of consolidation – continued

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Basis of consolidation – continued

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount of the CGU (or group of CGUs) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGUs within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Investments in associates – continued

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Changes in the Group's interests in associates

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 5.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates, the country-specific risk adjustment and the credit risk adjustment based on bond yields.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Lease liabilities – continued

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Borrowing costs

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

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

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

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Taxation – continued

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

Property, plant and equipment

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Property, plant and equipment – continued

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

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes and is carried at cost less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

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

Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Intangible assets – continued

Internally-generated intangible assets – research and development expenditure – continued

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill – continued

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments

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

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

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

Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

All other financial assets of the Group are subsequently measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit – impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income or designated as at fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains or losses” line item.

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

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, bills receivable, other receivables, amounts due from related companies, bank balances, pledged bank deposits and term deposits) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually or collectively using a provision matrix with appropriate groupings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(i) Significant increase in credit risk – continued

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

(ii) Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). This definition of default is selected as it is consistent with the Group's internal credit risk management purposes that cover both quantitative and qualitative information.

(iii) Credit-impaired financial assets

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(v) Measurement and recognition of ECL – continued

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the 'other gains or losses' line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the 'other gains or losses' line item as part of the gain/(loss) from changes in fair value of financial assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

When the shares of the Company are purchased and held under the Company's share award scheme, the consideration paid by the Company, including any directly attributable incremental costs, is deducted from equity as treasury shares until the shares are cancelled or reissued.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bills payable, amounts due to related companies and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Foreign currencies – continued

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Employee benefits

Retirement benefits costs

Payments to the state-managed retirement benefits schemes or other defined contribution retirement schemes such as the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Equity-settled share-based payment transactions

Share options and share awards granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based payment reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Equity-settled share-based payment transactions – continued

Share options and share awards granted to employees – continued

When share options are exercised, the amount previously recognised in equity-settled share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity-settled share-based payment reserve will be transferred to accumulated profits.

When the awarded shares under the Company's share award scheme are vested, the amount previously recognised in equity-settled share-based payment reserve will be transferred to treasury shares. The difference between the amount previously recognised in equity-settled share-based payment reserve and the cost for repurchasing the awarded shares will be transferred from treasury shares to share premium.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Judgements in identifying performance obligations

In making their judgments, the directors of the Company consider the detailed criteria for identifying performance obligations set out in HKFRS 15 on the Group's project-based development contracts. In identifying performance obligations, the directors of the Company consider whether the customer benefits from each good or service on its own and whether it is distinct in the context of the contract. The provision of solutions on project-based development services includes a comprehensive set of activities in the contract, such as project design, implementation, installation, trial launch and/or acceptance. The directors of the Company consider that individual promised goods and services in the contract are highly interdependent and highly interrelated which is determined to be a single performance obligation.

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

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic, which includes the persistent effects of changes of interest rates and inflation.

During the year ended 31 December 2025, impairment loss of RMB103,838,000 was recognised by the Group (2024: nil). As at 31 December 2025, the carrying amount of goodwill is RMB739,816,000 (31 December 2024: RMB843,654,000). Details of the recoverable amount calculation are disclosed in note 17.

Provision of ECL for trade receivables and contract assets

Trade receivables with significant balances or credit-impaired and contracts assets with significant balances are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually on a collective basis using a provision matrix by groupings of various debtors that have similar loss patterns. The provision rates are based on the Group's historical default rates and taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's trade receivables and contract assets are disclosed in notes 35, 21 and 24 respectively.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
Nature of goods and services		
Provision of services		
Project-based development services	2,313,484	2,792,412
Outsourcing services	14,235,785	13,337,355
Other services	136,314	184,401
	16,685,583	16,314,168
Sales of software and hardware products	341,831	636,565
	17,027,414	16,950,733
	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Over time	16,685,583	16,314,168
At a point in time	341,831	636,565
	17,027,414	16,950,733

Performance obligations for contracts with customers and revenue recognition policies

(a) *Project-based development services*

The provision of solutions on project-based development services includes a comprehensive set of activities in the contract, such as project design, implementation, installation, trial launch and/or acceptance, which are highly interdependent and highly interrelated. The Group accounts for all of the goods and services promised in the contract as a single performance obligation. As the Group's performance creates or enhances an asset that the customer controls as the Group performs, the performance obligation is satisfied over time. Accordingly, revenue from provision of solutions on project-based development contracts is recognised based on the stage of completion of the contracts using input method which is determined as the proportion of the costs incurred for the work (i.e. subcontracting costs, material costs and direct staff costs incurred) performed to date relative to the estimated total costs to satisfy of the performance obligation. The directors of the Company consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15 Revenue from Contracts with Customers.

5. REVENUE AND SEGMENT INFORMATION – CONTINUED

Performance obligations for contracts with customers and revenue recognition policies – continued

(a) *Project-based development services – continued*

The Group's contracts for project-based development services typically include payment schedules which require stage payments over the service period once certain specific milestones are reached.

(b) *Outsourcing services*

The outsourcing service is a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer, which is accounted for as a single performance obligation. As the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs, the provision of outsourcing services is satisfied over time.

The provision of outsourcing services is billed based on the IT service hours provided and fixed hourly rates. The Group has a right to invoice in an amount that corresponds directly with the value of the Group's performance completed to date. Customers are invoiced on a regular basis and consideration is payable generally one month after the invoice date. Revenue from the provision of outsourcing services is recognised in an amount to which the Group has a right to invoice.

(c) *Other services*

Other services include corporate management, support and consulting services. As the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs, those services are satisfied over time.

(d) *Sales of goods*

Revenue from sales of third-party software and hardware products is recognised at a point in time when the customer obtains control of the products.

The period between payment and transfer of the associated goods or services of the Group is typically less than one year. As such, the Group applies the practical expedient under HKFRS 15 of not adjusting the transaction prices of the contracts for the effects of any significant financing component.

In respect of contracts for project-based development services, the transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied in relation to the contract liabilities amounts to RMB118,693,000 as at 31 December 2025 (31 December 2024: RMB136,119,000). Such transaction price allocated is expected to be recognised as revenue within one year.

In respect of contracts for outsourcing services, other services and sales of software and hardware products, the Group applies the practical expedients under HKFRS 15 and does not disclose information about the transaction prices allocated to the remaining performance obligations. The practical expedients cover circumstances where the original expected duration of the contract is one year or less, and circumstances where the Group has a right to invoice in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

5. REVENUE AND SEGMENT INFORMATION – CONTINUED

Performance obligations for contracts with customers and revenue recognition policies – continued

Segment information

In response to the paradigm shift driven by AI technology, the Group has unwaveringly advanced the full-scenario AI strategy and restructured its organisational framework, breaking away from the previous operating segment (technical professional services group and internet information technology services group) and integrating and resetting its resource allocation and performance evaluation systems. The chief executive officer, being the operating decision maker now evaluates the Group's business performance as a single integrated business. As a result, the Group now has only one operating segment and no segment information is presented. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The Group's operations are mainly located in its country of domicile, the People's Republic of China ("PRC"), and to a lesser extent, in other areas.

The Group's revenues from external customers (based on location of the operations) by geographical location are detailed below:

	Revenue from external customers	
	2025 RMB'000	2024 RMB'000
PRC	16,820,468	16,749,864
Malaysia	76,397	80,861
Japan	68,104	63,486
Saudi Arabia	18,422	22,967
Singapore	18,075	18,286
India	15,373	15,269
Indonesia	10,575	–
	17,027,414	16,950,733

As at 31 December 2025, the Group's non-current assets excluding financial instruments and deferred tax assets amount to RMB3,887,518,000 (31 December 2024: RMB3,731,103,000). Majority of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical information is presented.

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5. REVENUE AND SEGMENT INFORMATION – CONTINUED

Information about major customers

Information about revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group:

	2025 RMB'000	2024 RMB'000
Customer A	7,186,912	6,923,750

6. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income	74,982	102,701
Government grants	123,196	103,793
Venue service income	21,229	18,792
Refund of individual income tax handling fee	15,967	9,375
Dividend income from financial assets at FVTPL	278	6,355
Others	2,686	925
	238,338	241,941

The government grants were mainly incentives provided by local government authorities in the PRC. There were no unfulfilled conditions or contingencies relating to these government grants.

7. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Impairment losses, net of reversal, on:		
– Trade receivables	125,329	129,336
– Contract assets	67,625	136,036
– Others	13,106	8,483
	206,060	273,855

Details of impairment assessment are set out in note 35.

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on borrowings	124,285	168,442
Interest on lease liabilities	6,990	7,476
Total borrowing costs	131,275	175,918
Less: amounts capitalised in the cost of qualifying assets	(11,829)	–
	119,446	175,918

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 2.63% per annum to expenditure on qualifying assets.

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Income tax expense comprises:		
PRC Enterprise Income Tax		
– current year	23,455	31,874
– under provision in prior years	19,685	7,506
	43,140	39,380
Others	15,245	2,615
	58,385	41,995
Deferred tax (note 30)	18,975	14,956
	77,360	56,951

The Company is incorporated as an exempted company and as such is not subject to the Cayman Islands taxation.

Under the Law of the PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards unless subject to tax exemptions set out below.

Pursuant to a certificate issued by Beijing Municipal Science and Technology Commission dated 30 November 2023, Chinasoft International Information Technology Limited (“Chinasoft Beijing”) was accredited as a High and New Technology Enterprise for a period up to 29 November 2026. For the year ended 31 December 2025, Chinasoft Beijing was subject to the income tax rate of 15%. For the year ended 31 December 2024, Chinasoft Beijing qualified as national key software enterprise and was subject to a preferential rate of 10%.

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9. INCOME TAX EXPENSE – CONTINUED

Pursuant to a certificate issued by Shanghai Municipal Science and Technology Commission dated 15 November 2023, Chinasoft International Shanghai Huateng Software Systems Co., Ltd (“Shanghai Huateng”) was accredited as a High and New Technology Enterprise for a period up to 14 November 2026. As a result, Shanghai Huateng was subject to the income tax rate of 15% for the years ended 31 December 2025 and 2024.

According to the Notice of the State Administration of Taxation on the Implementation of the Opinions on the Implementation of Tax Policies Concerning the Western Development Program, Chinasoft International Technology Services Limited (“CSITS”) was entitled to a preferential rate of 15% for the years ended 31 December 2025 and 2024.

Pursuant to a certificate issued by Science, Technology and Innovation Commission of Shenzhen Municipality dated 19 December 2022, Chinasoft International Technology Service (Shenzhen) Limited (“CSITS SZ”) was accredited as a High and New Technology Enterprise for a period up to 18 December 2025. In December 2025, the High and New Technology Enterprise qualification of CSITS SZ was renewed. As a result, CSITS SZ was subject to the income tax rate of 15% for the year ended 31 December 2025 and 2024.

The Group is operating in certain jurisdictions where the Global Anti-base Erosion Rules (the “Pillar Two Rules”) are effective. As the Group has passed the safe harbour test in these jurisdictions, the management of the Group considers that the Group is not liable to top-up tax under the Pillar Two Rules.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to profit before taxation as follows:

	2025 RMB'000	2024 RMB'000
Profit before taxation	400,870	568,096
Tax at PRC Enterprise Income Tax rate of 25% (2024: 25%)	100,218	142,024
Tax effect of share of results of investments accounted for using the equity method	11,368	18,027
Tax effect attributable to tax exemptions and concessions granted to PRC subsidiaries	(29,575)	(49,970)
Tax effect of 200% (2024: 200%) deduction rate on certain research and development expenses	(251,515)	(233,450)
Tax effect of expenses not deductible for tax purpose	146,829	149,851
Tax effect of income not taxable for tax purpose	(16,876)	(25,077)
Under provision in prior years	19,685	7,506
Tax effect of utilisation of tax losses previously not recognised	(5,968)	(7,995)
Tax effect of tax losses not recognised	92,613	20,056
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	4,820	–
Effect of different tax rates of entities operating in other jurisdictions	5,761	35,979
Income tax expense for the year	77,360	56,951

10. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration (note 11)	32,475	46,045
Retirement benefits costs (excluding those for directors)	885,842	780,946
Share-based payment expenses (excluding those for directors)	146,247	172,821
Other employee benefits expenses	13,507,894	12,693,051
	14,572,458	13,692,863
Less: Amounts capitalised as development costs	(196,843)	(131,104)
	14,375,615	13,561,759
Depreciation of property, plant and equipment	93,160	113,391
Depreciation of right-of-use assets	122,744	126,286
Amortisation of intangible assets	108,259	89,809
	324,163	329,486
Auditor's remuneration	7,058	7,108
Cost of inventories recognised as an expense (including write-down loss for inventories amounting to RMB9,027,000 (2024: RMB9,027,000) (note 20)	309,028	610,378
Impairment loss on goodwill	103,838	–
Gain on deemed disposal of investments accounted for using the equity method	(70,560)	(74,247)
Gain on partial disposal of an investment accounted for using the equity method (included in other gains or losses)	–	(109,796)
Net foreign exchange (gain)/loss (included in other gains or losses)	(11,921)	47,418
Fair value gain on financial assets at FVTPL (included in other gains or losses)	(177,263)	(79,751)
Fair value loss on derivative financial instruments (included in other gains or losses)	16,942	11,786
(Gain)/loss on disposal of property, plant and equipment (included in other gains or losses)	(674)	207
Gain on disposal of right-of-use assets (included in other gains or losses)	(1,304)	(10,547)

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11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Details of emoluments to the directors and the chief executive for the year ended 31 December 2025 are as follows:

	Chen Yuhong	He Ning	Tang Zhenming	Total
	RMB'000	RMB'000	RMB'000	RMB'000
A) EXECUTIVE DIRECTORS				
Other emoluments:				
Salaries and other benefits	2,855	1,968	1,893	6,716
Performance related bonuses	–	–	–	–
Share-based payment expenses	11,457	5,227	6,460	23,144
Retirement benefits costs	68	68	68	204
Sub-total	14,380	7,263	8,421	30,064

The executive directors' emolument shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. Chen Yuhong also acts as the chief executive officer of the Company.

	Zhang Yaqin	Gao Liangyu	Total
	RMB'000	RMB'000	RMB'000
B) NON-EXECUTIVE DIRECTORS			
Other emoluments:			
Salaries and other benefits	277	277	554
Sub-total	277	277	554

The non-executive directors' emolument shown above were mainly for their services as directors of the Company.

	Lai Guanrong	Mo Lai Lan	Yeung Tak Bun	Total
	RMB'000	RMB'000	RMB'000	RMB'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS				
Fees	277	275	275	827
Share-based payment expenses	–	–	1,030	1,030
Sub-total	277	275	1,305	1,857

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors' and chief executive's emoluments – continued

The independent non-executive directors' emolument shown above were mainly for their services as directors of the Company.

RMB'000

Total emoluments for 2025 32,475

Certain executive directors of the Company are entitled to bonus payments which are determined based on their performance and contribution to the Group.

Details of emoluments to the directors and the chief executive for the year ended 31 December 2024 are as follows:

	Chen Yuhong RMB'000	He Ning RMB'000	Tang Zhenming RMB'000	Total RMB'000
A) EXECUTIVE DIRECTORS				
Other emoluments:				
Salaries and other benefits	3,478	2,591	3,244	9,313
Performance related bonuses	–	965	3,163	4,128
Share-based payment expenses	13,414	8,196	7,608	29,218
Retirement benefits costs	66	66	66	198
Sub-total	<u>16,958</u>	<u>11,818</u>	<u>14,081</u>	<u>42,857</u>

The executive directors' emolument shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. Chen Yuhong also acts as the chief executive officer of the Company.

	Zhang Yaqin RMB'000	Gao Liangyu RMB'000	Total RMB'000
B) NON-EXECUTIVE DIRECTORS			
Other emoluments:			
Salaries and other benefits	272	272	544
Sub-total	<u>272</u>	<u>272</u>	<u>544</u>

The non-executive directors' emolument shown above were mainly for their services as directors of the Company.

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11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors' and chief executive's emoluments – continued

	Lai Guanrong RMB'000	Mo Lai Lan RMB'000	Yeung Tak Bun RMB'000	Total RMB'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS				
Fees	272	273	273	818
Share-based payment expenses	–	–	1,826	1,826
Sub-total	<u>272</u>	<u>273</u>	<u>2,099</u>	<u>2,644</u>

The independent non-executive directors' emolument shown above were mainly for their services as directors of the Company.

RMB'000

Total emoluments for 2024 46,045

Certain executive directors of the Company are entitled to bonus payments which are determined based on their performance and contribution to the Group.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2024: three) were directors of the Company whose emolument were included above. The emoluments of the remaining two (2024: two) highest paid individuals who were not directors of the Company were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	7,039	11,404
Retirement benefits costs	137	133
Share-based payment expenses	1,295	2,292
	<u>8,471</u>	<u>13,829</u>

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – CONTINUED

Employees' emoluments – continued

The number of the highest paid employees, who are not the directors of the Company, whose remuneration fell within the following bands is as follows:

	No. of employees	
	2025	2024
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$7,500,001 to HK\$8,000,000	–	1
	2	2

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

None of the directors waived any emoluments during both years.

12. DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Dividends for ordinary shares of the Company recognised as distribution during the year:		
2024 Final – HK5.33 cents (2024: 2023 Final of HK8.11 cents) per share	122,196	190,683

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK4.66 cents per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

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13. EARNINGS PER SHARE

	2025 RMB'000	2024 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	321,449	512,925
	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,502,611	2,563,273
Effect of dilutive potential ordinary shares:		
Share awards	127,958	104,688
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,630,569	2,667,961

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the shares of the Company held under the Company's share award scheme (see note 40).

The computation of diluted earnings per share for the years ended 31 December 2025 and 2024 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
COST						
At 1 January 2024	893,500	571,788	13,732	227,209	233,971	1,940,200
Exchange adjustments	-	165	-	-	13	178
Additions	-	60,235	1,857	243,537	28	305,657
Transfers	-	-	-	(16,430)	16,430	-
Disposals	-	(18,243)	(896)	-	(67,104)	(86,243)
At 31 December 2024	893,500	613,945	14,693	454,316	183,338	2,159,792
Exchange adjustments	-	88	-	-	10	98
Additions	-	49,525	1,763	245,719	780	297,787
Transfers	-	52,199	-	(79,391)	27,192	-
Disposals	-	(39,131)	(2,674)	-	(64,917)	(106,722)
At 31 December 2025	893,500	676,626	13,782	620,644	146,403	2,350,955
DEPRECIATION						
At 1 January 2024	117,784	476,082	9,555	-	185,921	789,342
Exchange adjustments	-	68	-	-	11	79
Provided for the year	20,577	55,508	459	-	36,847	113,391
Eliminated on disposals	-	(17,073)	(626)	-	(67,076)	(84,775)
At 31 December 2024	138,361	514,585	9,388	-	155,703	818,037
Exchange adjustments	-	99	-	-	9	108
Provided for the year	20,560	49,958	609	-	22,033	93,160
Eliminated on disposals	-	(29,748)	(2,324)	-	(64,917)	(96,989)
At 31 December 2025	158,921	534,894	7,673	-	112,828	814,316
CARRYING VALUE						
At 31 December 2025	734,579	141,732	6,109	620,644	33,575	1,536,639
At 31 December 2024	755,139	99,360	5,305	454,316	27,635	1,341,755

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14. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2% – 5%
Furniture, fixtures and equipment	10% – 33 1/3%
Motor vehicles	10% – 20%
Leasehold improvements	Over the relevant lease terms or 19% – 33 1/3%, whichever is the lower

At 31 December 2025, the Group is in the process of obtaining the property certificate for the buildings with a carrying amount of RMB484,093,000 (31 December 2024: RMB497,948,000) which are located in the PRC.

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 1 January 2024	170,000	150,273	320,273
Exchange adjustments	–	–	–
Additions	397,781	164,376	562,157
Depreciation charge	(9,122)	(117,164)	(126,286)
Termination of leases	–	(33,208)	(33,208)
As at 31 December 2024	558,659	164,277	722,936
Exchange adjustments	–	2	2
Additions	11,933	79,278	91,211
Depreciation charge	(26,157)	(96,587)	(122,744)
Termination of leases	–	(43,587)	(43,587)
As at 31 December 2025	544,435	103,383	647,818
		2025	2024
		RMB'000	RMB'000
Expense relating to short-term leases		73,050	55,809
Total cash outflow for leases		186,054	554,319

The Group leases various offices for its operations. Lease contracts are entered into for fixed terms of 1 month to 6 years (2024: 1 month to 6 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. RIGHT-OF-USE ASSETS – CONTINUED

The Group regularly entered into short-term leases for offices for its operations. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has obtained the land use right certificate for the leasehold lands which are located in the PRC. The leasehold lands are depreciated on a straight-line basis over a lease term of 20-50 years.

In October 2024, the Group purchased the land use right of a land parcel in Beijing at a consideration of RMB397,781,000. The Group obtained the land use right certificate in March 2025 and the deed tax of RMB11,933,000 in respect of the land use right was paid in 2025.

16. INTANGIBLE ASSETS

	Development costs	Technical knowhow	Contract-based		Technical expertise	Customer relationship	Patent	Trade name	Technology	Non-compete agreements	Total
			Software	customer-related intangibles							
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST											
At 1 January 2024	854,439	17,367	51,598	19,704	12,494	210,301	13,771	11,075	23,344	3,273	1,217,366
Additions	131,104	-	-	-	-	-	-	-	-	-	131,104
At 31 December 2024	985,543	17,367	51,598	19,704	12,494	210,301	13,771	11,075	23,344	3,273	1,348,470
Additions	196,843	-	-	-	-	-	-	-	-	-	196,843
At 31 December 2025	1,182,386	17,367	51,598	19,704	12,494	210,301	13,771	11,075	23,344	3,273	1,545,313
AMORTISATION/IMPAIRMENT											
At 1 January 2024	546,148	17,367	30,775	19,704	12,494	207,996	13,771	6,358	23,344	3,273	881,230
Provided for the year	85,636	-	1,166	-	-	986	-	2,021	-	-	89,809
At 31 December 2024	631,784	17,367	31,941	19,704	12,494	208,982	13,771	8,379	23,344	3,273	971,039
Provided for the year	104,118	-	1,134	-	-	986	-	2,021	-	-	108,259
At 31 December 2025	735,902	17,367	33,075	19,704	12,494	209,968	13,771	10,400	23,344	3,273	1,079,298
CARRYING VALUE											
At 31 December 2025	446,484	-	18,523	-	-	333	-	675	-	-	466,015
At 31 December 2024	353,759	-	19,657	-	-	1,319	-	2,696	-	-	377,431

Development costs are internally generated. All other intangible assets were acquired from third parties.

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16. INTANGIBLE ASSETS – CONTINUED

All intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Development costs	3 – 5 years
Technical knowhow	3 – 10 years
Software	3 – 10 years
Contract-based customer-related intangibles	5 years
Technical expertise	5 years
Customer relationship	5 – 10 years
Patent	3.6 – 10 years
Trade name	5 years
Technology	5 years
Non-compete agreements	3 – 5 years

17. GOODWILL

RMB'000

COST

At 1 January 2024, 31 December 2024 and 2025 1,041,330

IMPAIRMENT

At 1 January 2024, 31 December 2024 197,676

Impairment loss recognised 103,838

At 31 December 2025 301,514

CARRYING VALUE

At 31 December 2025 739,816

At 31 December 2024 843,654

Impairment testing on goodwill

For the purposes of impairment testing, the carrying amount of goodwill (net of impairment loss) as at 31 December 2025 and 2024 has been allocated to the following CGU or group of CGUs:

	2025 RMB'000	2024 RMB'000
Chinasoft Beijing	–	103,838
Shanghai Huateng	134,188	134,188
CSITS and related business	605,628	605,628
	<u>739,816</u>	<u>843,654</u>

17. GOODWILL – CONTINUED

Impairment testing on goodwill – continued

The recoverable amounts of the following CGU or group of CGUs have been determined based on value in use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and applicable discount rates. The discount rates applied reflect the current market assessments of the time value of the money and the risks specific to each of the CGUs or group of CGUs. The cash flows of the CGU or group of CGUs beyond the five-year period are extrapolated using steady growth rates shown below. These growth rates are based on the long-term average growth rate of relevant industry. Management believes that the projected growth rates are reasonable. Other key assumptions for the value in use calculations relate to the estimation of cash inflows and outflows which include budgeted sales and gross margins. Such estimations are based on the past performance of the CGU or group of CGUs and management's expectations.

CGU or group of CGUs	Pre-tax discount rate		Growth rate	
	2025	2024	2025	2024
Chinasoft Beijing	15.5%	15.0%	2.0%	2.5%
Shanghai Huateng	15.5%	15.0%	2.0%	2.5%
CSITS and related business	15.5%	15.0%	2.0%	2.5%

Chinasoft Beijing has historically been engaged in cloud resale and information technology integration business. However, after several years of operation, particularly in 2025, such business failed to effectively boost the growth of proprietary businesses and the anticipated additional value was not realised. Based on the impairment assessment on the CGU as of 31 December 2025, the directors of the Company have consequently determined impairment of goodwill related to Chinasoft Beijing due to the unsatisfactory financial performance and current outlook. Goodwill related to Chinasoft Beijing amounting to RMB103,838,000 has been fully impaired. No other write-down of the assets of the CGU is considered necessary.

Except for Chinasoft Beijing, the directors of the Company believe that any reasonably possible change in any of the assumptions would not cause the carrying amount of these CGUs or group of CGUs to exceed their respective recoverable amount as at 31 December 2025.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 RMB'000	2024 RMB'000
Cost of unlisted investments	540,140	513,350
Share of post-acquisition profits, net of dividend received	9,048	(16,065)
Impairment loss	(51,958)	(51,958)
	497,230	445,327

The Group's investments accounted for using the equity method include investments in entities and investment funds operating in the PRC over which the Group has significant influence.

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18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

In the opinion of the directors of the Company, none of the individual investments accounted for using the equity method materially affected the results or net assets of the Group.

Aggregate information of investments accounted for using the equity method that are not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total comprehensive expense for the year	45,470	72,107
Aggregate carrying amount of the Group's interests in these investments	497,230	445,327

19. FINANCIAL ASSETS AT FAIR VALUE

	2025 RMB'000	2024 RMB'000
Non-current assets		
Financial assets at FVTPL		
– unlisted investment funds (Note (i))	240,751	198,788
– unlisted equity investments (Note (ii))	333,970	176,576
– investments in shares with preferential rights (Note (iii))	208,189	128,189
– debt instrument (Note (iv))	30,594	–
	813,504	503,553
Current assets		
Financial assets at FVTPL		
– investment in the fund linked notes (Note (v))	–	401,007
	–	401,007

Notes:

- (i) On 23 January 2014, the Group entered into a partnership agreement with PointGuard Management I, L.P. (“PointGuard Management”) and other co-investment partners. Under the partnership agreement, the Group agreed to make a total amount of capital commitment of United States dollars (“US\$”)10,000,000 to PointGuard Ventures I, L.P. (“PointGuard Ventures”), a Cayman Islands exempted limited partnership engaged in venture capital investments in equity or equity-oriented securities of private and public companies with an emphasis on technology convergence companies. Pursuant to the partnership agreement, PointGuard Management has the sole and exclusive right to manage, control, and conduct the affairs of PointGuard Ventures and to do any and all acts on behalf of it. The directors of the Company consider that the Group cannot exercise control nor significant influence on PointGuard Ventures. As at 31 December 2025, the capital contributions made by the Group in PointGuard Ventures amounted to US\$10,000,000 (2024: US\$10,000,000) which represents a 13.29% (2024: 13.29%) share of interest.

19. FINANCIAL ASSETS AT FAIR VALUE – CONTINUED

Notes: – continued

(i) – continued

In 2019, the Group entered into a partnership agreement with other eight co-investment partners to establish Nanjing Turing Ventures I, L.P. (“Turing Ventures”). Under the partnership agreement, as amended by a supplemental agreement, the Group agreed to make a total amount of capital contributions of RMB20,000,000 to Turing Ventures, which represents a 7.47% share of interest. Turing Ventures was established on 13 March 2019 as a PRC limited partnership engaged in venture capital investments in equity or equity-oriented securities of private and public companies with an emphasis on artificial intelligence companies. Pursuant to the partnership agreement, the general partner of Turing Ventures has the sole and exclusive right to manage, control, and conduct the affairs of Turing Ventures and to do any and all acts on behalf of it. The directors of the Company consider that the Group cannot exercise control nor significant influence on Turing Ventures. As at 31 December 2025, the capital contributions made by the Group in Turing Ventures amounted to RMB20,000,000 (2024: RMB20,000,000).

On 11 January 2022, the Group entered into a partnership agreement with Nanjing Xiangning Ventures I, L.P. (“Xiangning Ventures”) and other twelve co-investment partners. Under the partnership agreement, the Group agreed to make a total amount of capital contributions of RMB50,000,000 to Xiangning Ventures, which represents a 4.56% share of interest, and became a limited partner of Xiangning Ventures. Xiangning Ventures was established on 19 July 2021 as a PRC limited partnership engaged in venture capital investments in equity or equity-oriented securities of private and public companies. Pursuant to the partnership agreement, the general partner of Xiangning Ventures has the sole and exclusive right to manage, control, and conduct the affairs of Xiangning Ventures and to do any and all acts on behalf of it. The directors of the Company consider that the Group cannot exercise control nor significant influence on Xiangning Ventures. As at 31 December 2025, the capital contributions made by the Group in Xiangning Ventures amounted to RMB50,000,000 (2024: RMB50,000,000).

(ii) For an investment in a fund where the Group owns a majority of equity interest and acts as a limited partner, the directors of the Company exercise judgment to determine whether control exists by assessing its power over the investee based on contractual terms, exposure to variability of returns from the activities of the fund and whether other party acts as a de facto agent.

The directors of the Company have concluded that the Group has control over this investment in a fund and has consolidated the fund since inception. The unlisted equity investments held by the fund amounting to RMB61,029,000 (2024: RMB58,635,000) are presented as financial assets at FVTPL in the consolidated statement of financial position.

On 24 May 2024, the Group entered into a sale agreement to dispose of its 5.03% of the 15.08% equity interest in Shenzhen Honeycomb Internet Technology Co., Ltd. (“Honeycomb”, which was accounted for using the equity method) at a consideration of RMB40,000,000. As at 31 December 2025, the fair value of the remaining interest held was RMB250,000,000 (2024: RMB95,000,000), resulting in a gain on fair value change of RMB155,000,000 (2024: RMB15,000,000).

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19. FINANCIAL ASSETS AT FAIR VALUE – CONTINUED

Notes: – continued

(iii) On 15 December 2023, the Group entered into a sale agreement with Shenzhen Spacei Cloud Technology Co., LTD (“Spacei Cloud”) to dispose part of its intelligent park business at a consideration of RMB70,000,000. On 19 December 2023, the Group purchased 18.37% shares with preferential rights in Spacei Cloud, for a total cash consideration of RMB90,000,000. The preferential rights include liquidation preference and anti-dilution rights. The above transactions formed a single transaction designed to achieve an overall commercial effect. The Group has the right to appoint one director and is able to exercise significant influence over Spacei Cloud. The management of the Group concludes that such shares with preferential rights are not substantively the same as ordinary shares under the agreement, hence, the investment is accounted for as financial assets at FVTPL. As at 31 December 2025, the fair value of the interest held was RMB79,000,000 (2024: RMB103,000,000).

On 8 February 2025, the Group entered into an agreement with Hangzhou Shuopan Intelligent Technology Co., Ltd. (“Shuopan”) to purchase 20.71% shares with preferential rights in Shuopan, for a total cash consideration of RMB107,000,000. The preferential rights include liquidation preference, anti-dilution rights and redemption rights. The Group has the right to appoint one director and is able to exercise significant influence over Shuopan. The management of the Group concludes that such shares with preferential rights are not substantively the same as ordinary shares under the agreement, hence, the investment is accounted for as financial assets at FVTPL.

(iv) On 7 March 2025, the Group entered into an agreement to provide a convertible debt investment of RMB30,000,000 for a term of three years. The agreement grants the Group conversion rights under predefined circumstances, which allow the Group to convert all or part of the outstanding debt into equity interests of the debtor. The management of the Group concludes that the contractual cash flows of the instrument do not consist solely of payments of principal and interest, the investment is accounted for as financial assets at FVTPL. As at 31 December 2025, the fair value of the interest held was RMB30,594,000 (2024: nil).

(v) On 7 August 2024, the Group entered into an agreement with Huatai International Financial Products Limited (“Huatai”) to purchase a financial product in form of the fund linked notes (the “Notes”) at a consideration of US\$51,897,000. The Notes are linked to an investment in Darkhorse Global Fortune Fund of which the underlying investments primarily consist of stocks of listed companies. The Notes cannot be redeemed until the maturity date which is 11 August 2025 and the principal and returns are not guaranteed. Therefore, the investment is accounted for as a financial asset at FVTPL. The Notes have been redeemed in November 2025. During the year ended 31 December 2025, the Group recognised a gain on fair value change of RMB33,454,000 (2024: RMB30,165,000).

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Computer hardware, equipment and software products	140,508	70,324
Less: write-down loss	(18,054)	(9,027)
	122,454	61,297

Inventories of RMB18,054,000 (2024: RMB9,027,000) are not expected to be recovered after holding more than 12 months.

21. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables, net of allowance	5,911,597	5,998,723
Advances to suppliers	105,033	205,284
Deposits, prepayments and other receivables, net of allowance	333,123	260,494
	6,349,753	6,464,501
Analysed for reporting purposes as:		
Non-current assets	10,579	5,584
Current assets	6,339,174	6,458,917
	6,349,753	6,464,501

The credit terms of the Group range from 30 to 180 days. An aged analysis of trade receivables (net of allowance), presented based on the invoice dates for sales of software and hardware products and services for project-based development contracts, and dates of rendering of other services at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	4,126,316	4,243,934
Between 91 – 180 days	693,165	711,423
Between 181 – 365 days	547,711	647,626
Between 1 – 2 years	544,405	395,740
	5,911,597	5,998,723

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Credit limits attributed to customers are reviewed periodically.

Details of impairment assessment of trade and other receivables as at 31 December 2025 are set out in note 35.

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22. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets as at 31 December 2025 and 2024 that were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continued to recognise the full carrying amount and had recognised the cash received on the transfer as a collateralised borrowing (see note 31). These financial assets are carried at amortised cost in the consolidated statement of financial position.

	2025 RMB'000	2024 RMB'000
Carrying amount of bills receivable	–	59,387
Carrying amount of associated liabilities	–	(59,387)
Net position	–	–

As at 31 December 2025, trade receivables amounting to RMB540,535,000 (2024: RMB912,580,000) were factored to independent third parties on a non-recourse basis. The Group has derecognised these trade receivables in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these trade receivables to the counterparties under the non-recourse factoring agreements. Losses related to derecognition of the trade receivables were RMB2,621,000 (2024: RMB2,815,000) which were charged to profit or loss.

23. BILLS RECEIVABLE AND PAYABLE

An aged analysis of bills receivable is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	72,662	43,662
90 days to 180 days	7,983	29,543
	80,645	73,205

An aged analysis of bills payable is as follows:

	2025 RMB'000	2024 RMB'000
Within 180 days	6,538	52,233

24. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets	2,366,648	2,292,057

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in note 35.

25. AMOUNTS DUE FROM/TO RELATED COMPANIES

At the end of 2025 and 2024, the amounts due from related companies mainly represent trade receivables from providing services with certain associates, dividends receivable from an associate of the Group and the advance to associates of the Group. The balances are unsecured, non-interest bearing and repayable on demand.

At the end of 2025 and 2024, the amounts due to related companies mainly represent trade payables from purchasing services with certain associates and an advance from an associate of the Group, which is unsecured, interest-free and repayable on demand.

26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TERM DEPOSITS

Bank balances and cash

Bank balances and cash include demand deposits and short-term deposits with an original maturity of three months or less for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0.0001% to 3.59% (2024: 0.0001% to 2.14%) per annum as at 31 December 2025.

Pledged bank deposits

Pledged bank deposits carry fixed interest rate ranging from 0.05% to 2.20% (2024: 0.10% to 2.75%) per annum. As at 31 December 2025, bank deposits amounting to RMB39,695,000 (2024: RMB87,258,000) have been pledged to secure undrawn facilities and are classified as current assets. Bank deposits amounting to RMB9,037,000 (31 December 2024: RMB15,655,000) represent funds that are frozen or regulated by the bank and are categorised as non-current assets. The pledged bank deposits will be released upon release of bank letters of guarantee or the completion of relevant contract.

Term deposits

Term deposits represent short-term and long-term bank deposits at interest rates ranging from 1.20% to 3.30% per annum as at 31 December 2025 (31 December 2024: 2.60% to 3.38%).

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26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TERM DEPOSITS – CONTINUED

Term deposits – continued

At the end of the reporting period, included in bank balances, pledged bank deposits and term deposits are the following amounts denominated in currencies other than the functional currencies of the relevant group entities to which they relate.

	2025 RMB'000	2024 RMB'000
Hong Kong dollars (“HK\$”)	42,974	106,780
US\$	547,649	45,090
Japanese Yen	35,695	61,838
RMB	7,988	12,252

As at 31 December 2025 and 2024, the Group performed impairment assessment on bank balances, pledged bank deposits and term deposits and concluded that the probabilities of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided, details of which are set out in note 35.

27. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	623,187	930,191
Payroll payables	932,904	858,343
Other tax payables	92,874	142,667
Other payables	35,336	44,812
	1,684,301	1,976,013

An aged analysis of trade payables, presented based on the invoice dates at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	204,435	520,624
Between 91 – 180 days	36,007	111,743
Between 181 – 365 days	99,218	126,724
Between 1 – 2 years	162,145	77,046
Over 2 years	121,382	94,054
	623,187	930,191

The average credit period on purchases of goods and services is 90 days. The Group has financial risk management policies in place to ensure that sufficient working capital is maintained to meet its obligations when they fall due.

28. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	54,467	103,713
Within a period of more than one year but not more than two years	23,568	46,892
Within a period of more than two years but not more than five years	27,987	11,042
Within a period of more than five years	–	4,071
	106,022	165,718
Less: Amount due for settlement with 12 months shown under current liabilities	(54,467)	(103,713)
	51,555	62,005

The weighted average incremental borrowing rates applied to lease liabilities range from 1.27% to 6.01% (2024: from 1.27% to 10.25%) per annum as at 31 December 2025.

29. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities	118,693	136,119

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year	91,238	171,647

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30. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised by the Group and movement thereon during the current and prior year:

	Customer relationship	adjustments charges	Difference between carrying Fair value amount and tax basis of interests in an associate	Software	Trade names	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(574)	-	(7,677)	(661)	(1,180)	(22,346)	23,168	911	(8,359)
Exchange adjustments	-	-	-	-	-	-	-	(1)	(1)
Credit (charge) to profit or loss	247	(15,518)	-	283	505	(17,983)	17,510	-	(14,956)
At 31 December 2024	(327)	(15,518)	(7,677)	(378)	(675)	(40,329)	40,678	910	(23,316)
Exchange adjustments	-	-	-	-	-	-	-	(10)	(10)
Credit (charge) to profit or loss	247	(20,126)	-	283	505	8,454	(8,338)	-	(18,975)
At 31 December 2025	(80)	(35,644)	(7,677)	(95)	(170)	(31,875)	32,340	900	(42,301)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	1,800	2,166
Deferred tax liabilities	(44,101)	(25,482)
	(42,301)	(23,316)

At the end of the reporting period, the Group had unused tax losses of approximately RMB485,030,000 (2024: RMB173,637,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses as at 31 December 2025 and 2024 due to the unpredictability of future profit streams and these tax losses will expire in various years before 2029 (2024: 2028).

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profit earned by PRC subsidiaries from 1 January 2008 onwards at 5% or 10% according to the relevant tax treaties. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries as at 31 December 2025 amounting to RMB10,980,990,000 (2024: RMB10,055,478,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured bank loans (Note (i) and (ii))	4,166,207	3,979,365
Secured bank loans (Note (iii) and (iv))	547,221	436,732
	4,713,428	4,416,097
	2025 RMB'000	2024 RMB'000
Carrying amount repayable:		
Within one year	3,440,290	3,640,752
Within a period of more than one year but not more than two years	603,317	–
Within a period of more than two years but not more than five years	122,600	398,000
Within a period of more than five years	547,221	377,345
	4,713,428	4,416,097
Less: Amounts due within one year shown under current liabilities	(3,440,290)	(3,640,752)
	1,273,138	775,345
Amounts shown under non-current liabilities	1,273,138	775,345
	2025 RMB'000	2024 RMB'000
Total borrowings		
At floating interest rates		
– under an instalment loan facility (Notes (i) and (ii))	451,117	1,243,786
At floating interest rates		
– secured bank loans (Note (iii) and (v))	547,221	377,345
At floating interest rates – others (Notes (i) and (v))	185,000	50,000
At fixed interest rates – others (Notes (i) and (vi))	3,530,090	2,685,579
At fixed interest rates – secured bank loans (Note (iv) and (vi))	–	59,387
	4,713,428	4,416,097

Other than the loan's which is denominated in HK\$ as described in Note (ii) below, the Group's borrowings are denominated in currencies of the relevant group entities' functional currencies.

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31. BORROWINGS – CONTINUED

Notes:

- (i) Guaranteed by the Company and certain subsidiaries of the Company.
- (ii) During 2022 and 2023, the Company raised loans of HK\$3,000 million in two tranches from its loan facility with a group of financial institutions. The total loans represent 100% of commitments under the facility agreement and are repayable by instalments as to 5%, 10%, 15% and 70%, respectively, in June 2024, December 2024, June 2025, and December 2025. The contracted interest rate is the applicable Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.3% per annum. Under the terms of the facility agreement, the Company is required to comply with financial covenants to maintain a consolidated tangible net worth of no less than RMB3,800 million, and certain ratios of (1) consolidated EBITDA to consolidated financial expenses, (2) consolidated total net debt to consolidated EBITDA, and (3) cash dividend to distributable profits of the Company. The Group has complied with the relevant covenants during the reporting period.

The first two instalments representing 15% of the loans, or HK\$450 million has been repaid in 2024. The third instalment and partial of the residual one instalment representing 40% of the loans, or HK\$1,200 million has been early repaid in 2024. Of the residual instalment of HK\$1,350 million, HK\$850 million was repaid in 2025 and the repayment term of HK\$500 million has been extended to December 2027. The interest rate for the balance is the applicable HIBOR plus 1.0% per annum. In addition, the certain ratio for financial covenants have been updated to (1) consolidated EBITDA to consolidated financial expenses and (2) consolidated total net debt to consolidated EBITDA. The Group has complied with the relevant covenants as of 31 December 2025.

- (iii) In 2024, a subsidiary of the Group entered into a loan facility agreement with a total amount of RMB660 million with a commercial bank. In 2025, the facility amount has been increased to RMB720 million pursuant to a supplemental agreement. As of 31 December 2025, the subsidiary has raised RMB547 million (31 December 2024: RMB377 million). The loans are repayable in October 2034 and were secured by a leasehold land amounting to approximately RMB126,545,000 (2024: RMB131,492,000).
- (iv) Bill receivables with a net carrying value of RMB nil (2024: RMB59,387,000) are pledged to secure certain bank loans granted to the Group.
- (v) Interests on floating interest rates borrowings are charged at interest rates announced by the People’s Bank of China. The average interest rate is 1.67% (2024: 1.89%) per annum as at 31 December 2025.
- (vi) Interests on fixed interest rates borrowings are charged at interest rate from to 0.9%– 2.27% (2024: 0.55%-2.60%) per annum as at 31 December 2025.

32. SHARE CAPITAL

	Number of shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.05 each:		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	4,000,000,000	200,000

32. SHARE CAPITAL – CONTINUED

	Number of shares	Amount HK\$	Amount shown in the financial statements RMB'000
Issued and fully paid:			
At 1 January 2024	2,943,299,358	147,164,969	133,029
Repurchase and cancellation of shares (Note (i))	(211,220,000)	(10,561,000)	(9,595)
	2,732,079,358	136,603,969	123,434
At 31 December 2024 and 2025	2,732,079,358	136,603,969	123,434

Note:

- (i) During the year ended 31 December 2025, nil (2024: 211,220,000) ordinary shares of HK\$0.05 each were repurchased and cancelled.

33. SHARE PREMIUM AND RESERVES

Share premium

In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

Other reserves

Other reserves mainly represent the differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries after taking account the effect of reallocation of certain other reserves of the subsidiaries.

General reserve fund and statutory enterprise expansion fund

As stipulated by the relevant laws and regulations in the PRC, foreign invested enterprises are required to provide for the general reserve fund and the statutory enterprise expansion fund. Appropriations to such reserve funds are made out of net profit after taxation as reported in the statutory financial statements of the relevant subsidiaries prepared in accordance with accounting principles generally accepted in the PRC and the amount and allocation basis are decided by their respective boards of directors annually. The general reserve fund can be used to make up prior year losses of these subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issue. The statutory enterprise expansion fund is used for expanding the capital base of these subsidiaries by means of capitalisation issue.

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33. SHARE PREMIUM AND RESERVES – CONTINUED

Statutory surplus reserve fund

As stipulated by the relevant laws and regulations in the PRC, the PRC subsidiaries other than foreign invested enterprises are required to provide for the statutory surplus reserve fund. Appropriations to such funds are made out of 10% of the net profit after taxation as reported in the statutory financial statements of the relevant subsidiaries prepared in accordance with accounting principles generally accepted in the PRC.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 31 net of cash and cash equivalents and equity attributable to the owners of the Company, comprising share capital, share premium, treasury shares and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and as well as the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at fair value	813,504	904,560
Financial assets at amortised cost	11,424,282	11,229,290
Derivative financial assets	–	5,441
Financial liabilities		
Financial liabilities at amortised cost	5,407,220	5,472,609
Derivative financial liabilities	40,300	27,827

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivable, amounts due from/to related companies, term deposits, pledged bank deposits, bank balances and cash, financial assets at fair value, derivative financial assets, trade and other payables, borrowings, bills payable and derivative financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Market risk

(i) Currency risk

Several subsidiaries of the Company have bank balances and cash, trade receivables, other receivables, financial assets at fair value, trade payables denominated in foreign currencies arising from income generated from provision of services or purchases and the Company's borrowings denominated in HK\$, which expose the Group to foreign currency risk. Approximately 0.81% (2024: 0.75%) of the Group's income generated from provisions of services is denominated in currencies other than the functional currencies of the group entities providing the services.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
HK\$	102,020	372,975	588,041	1,384,494
US\$	860,248	915,651	287,834	422,762
Japanese Yen	46,214	69,417	68	363
RMB	19,888	58,613	258,522	7,974
Others	16,918	27,557	2,377	2,795

It is the Group's policy for each operating entity to operate in local currency as far as possible to minimise currency risk. The Group's principal businesses are conducted in Renminbi. Since the impact of foreign exchange exposure, other than that of the foreign currency loans (note 31), is minimal, no hedging against foreign currency exposure has been carried out by the management. However, the management has kept on monitoring the movement of all foreign currency exposure including that of the foreign currency denominated loans, and will consider hedging significant foreign exchange exposure should the need arise. Certain foreign currency forward contracts had been entered by the Group in 2025 and 2024.

Sensitivity analysis

The Group is mainly exposed to HK\$ and US\$.

The following table details the Group's sensitivity to a 5% increase and decrease in Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in post-tax profit where Renminbi strengthens 5% against the relevant currencies. For a 5% weakening of Renminbi against the relevant currencies, there would be an equal and opposite impact on the result.

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35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Market risk – continued

(i) *Currency risk – continued*

Sensitivity analysis – continued

	HK\$ Impact (Note a)		US\$ Impact (Note b)	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Post-tax profit for the year	23,773	51,165	(25,600)	(23,474)

Notes:

- a) This is mainly attributable to the exposure on HK\$-denominated bank balances, trade and other receivables, trade payables and borrowings at the end of the reporting period.
- b) This is mainly attributable to the exposure on US\$-denominated bank balances, trade and other receivables, financial assets at fair value and trade payables at the end of the reporting period.

(ii) *Interest rate risk*

The Group's fair value interest rate risk is the risk that the fair value of a fixed rate financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2025, except for an amount of RMB1,183,338,000 (2024: RMB1,671,131,000) of floating rates bank borrowings, the remaining bank borrowings of the Group are at fixed rates.

The Group is exposed to fair value interest rate risk in relation to fixed rate term deposits (see note 26), pledged bank deposits (see note 26), borrowings with fixed interest rates (see note 31) and lease liabilities (see note 28). The Group is also exposed to cash flow interest rate risk in relation to floating rate bank borrowings (see note 31) and bank balances (see note 26) which are mainly concentrated on the fluctuation of prevailing interest rate announced by the Peoples' Bank of China in respect of bank loans and HIBOR arising from the Group's HK\$-denominated borrowings. The Group kept certain borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-effective manner, the Group enters into an interest rate swap, in which the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2025, after taking into account the effect of the interest rate swap, approximately 74.9% (31 December 2024: 70.5%) of the Group's interest-bearing borrowings bore interest at fixed rates.

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Market risk – continued

(ii) Interest rate risk – continued

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate borrowings (see note 31). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used for borrowings when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from floating rate bank balances is insignificant.

In respect of the floating rate borrowings, if interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group' tax profit for the year ended 31 December 2025 would decrease/increase by RMB7,797,000 (2024: RMB7,821,000).

(iii) Other price risk

The Group is exposed to other price risk through its investments in certain unquoted equity interests in investees and wealth management products. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. The management considers the fluctuation in fair value changes on wealth management products is insignificant, taking into account the short-term duration. Sensitivity analyses for those investments with fair value measurement categorised within Level 3 were disclosed in note 36.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bills receivable, contract assets, term deposits, pledged bank deposits, bank balances, amounts due from related companies and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and contract assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

In order to minimise the credit risk, the management of the Group has delegated specific persons responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Trade receivables reported by the Group's operating entities in the PRC accounted for 99.0% (2024: 99.2%) of the total trade receivables as at 31 December 2025. The Group has concentration of credit risk as 23.6% (2024: 20.8%) and 32.8% (2024: 30.8%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. In addition, there is concentration of credit risk on bank balances, pledged bank deposits and term deposits which are deposited with several authorised banks in the PRC. Other than the above, the Group does not have any other significant concentration of credit risk.

For the purposes of impairment assessment, other receivables, amounts due from related companies are not considered to have a high credit risk as the counterparties to these financial assets have a fair credit rating.

The credit risk on bank balances, pledged bank deposits, term deposits and bills receivable is limited because the counterparties are reputable banks in the PRC and Hong Kong.

As part of Group's credit risk management, the Group applies internal credit rating for its customers in relation to its business operation. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2025 and 2024.

Provision matrix:

Internal credit rating	Loss rates %	2025		2024	
		Gross carrying amount		Gross carrying amount	
		Trade receivables RMB'000	Contract assets RMB'000	Trade receivables RMB'000	Contract assets RMB'000
Category-1: Low risk	0.1%-0.42%	676,379	359,206	669,467	419,019
Category-2 to 3: Medium to high risk	1.96%-13.70%	714,412	339,366	809,166	507,487
Category-4 to 5: Very high risk to extremely high risk	35.82%-100.00%	153,919	66,811	145,976	52,137

The estimated loss rates are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

In addition, credit-impaired debtors and certain debtors with significant outstanding balances of a total gross carrying amount of RMB4,959,026,000 (2024: RMB4,840,237,000) and certain contract assets with significant outstanding balances of a gross carrying amount of RMB2,220,257,000 (2024: RMB1,864,666,000) as at 31 December 2025 are assessed individually.

As at 31 December 2025, the Group has provided RMB256,425,000 (2024: RMB238,319,000) and RMB69,647,000 (2024: RMB66,528,000) accumulated impairment allowance for trade receivables and contract assets, respectively, based on the provision matrix. Accumulated impairment allowance of RMB335,714,000 (2024: RMB227,804,000) and RMB549,345,000 (2024: RMB484,724,000) for trade receivables and contract assets, respectively, were made based on individual assessment.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL		Total RMB'000
	Not credit- impaired RMB'000	Credit- impaired RMB'000	
At 1 January 2024	226,737	130,894	357,631
Exchange adjustments	159	–	159
Transfer to credit-impaired	(1,530)	1,530	–
Recognised	196,608	14,564	211,172
Reversed	(75,976)	(5,860)	(81,836)
Write-offs	–	(21,003)	(21,003)
At 31 December 2024	345,998	120,125	466,123
Exchange adjustments	687	–	687
Transfer to credit-impaired	(6,545)	6,545	–
Recognised	209,443	7,025	216,468
Reversed	(86,702)	(4,437)	(91,139)
At 31 December 2025	462,881	129,258	592,139

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35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL		Total RMB'000
	Not credit- impaired RMB'000	Credit- impaired RMB'000	
At 1 January 2024	161,300	253,727	415,027
Exchange adjustments	189	–	189
Transfer to credit-impaired	(17,255)	17,255	–
Recognised	31,709	122,839	154,548
Reversed	(13,471)	(5,041)	(18,512)
At 31 December 2024	162,472	388,780	551,252
Exchange adjustments	115	–	115
Transfer to credit-impaired	(304)	304	–
Recognised	62,551	38,492	101,043
Reversed	(22,061)	(11,357)	(33,418)
At 31 December 2025	202,773	416,219	618,992

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with the relevant terms of the agreements.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2025, the Group has available unutilised general borrowing facilities of approximately RMB6,776,539,000 (2024: RMB4,150,820,000).

The following table details the Group's remaining contractual maturity for its financial liabilities, lease liabilities and derivative financial liabilities. It has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Liquidity tables

	Weighted average interest rate %	On demand or less than 6 months RMB'000	Over 6 months but not more than 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2025 RMB'000
2025							
Non-derivative financial liabilities							
Trade and other payables		658,523	–	–	–	658,523	658,523
Bills payable		6,538	–	–	–	6,538	6,538
Amounts due to related companies		28,731	–	–	–	28,731	28,731
Borrowings	0.90-2.27/ HIBOR+1%	3,453,458	26,744	641,318	767,719	4,889,239	4,713,428
Lease liabilities	3.86	33,093	24,097	24,942	29,169	111,301	106,022
		<u>4,180,343</u>	<u>50,841</u>	<u>666,260</u>	<u>796,888</u>	<u>5,694,332</u>	<u>5,513,242</u>
Derivative financial liabilities							
Redemption obligation		41,369	–	–	–	41,369	40,300
		<u>41,369</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>41,369</u>	<u>40,300</u>

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35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Liquidity tables – continued

	Weighted average interest rate %	On demand or less than 6 months RMB'000	Over 6 months but not more than 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2024 RMB'000
2024							
Non-derivative financial liabilities							
Trade and other payables		975,003	–	–	–	975,003	975,003
Bills payable		52,233	–	–	–	52,233	52,233
Amounts due to related companies		29,276	–	–	–	29,276	29,276
Borrowings	0.55-2.60/ HIBOR+1.3%	2,315,479	1,421,025	20,248	851,447	4,608,199	4,416,097
Lease liabilities	4.14	56,864	48,139	48,457	20,136	173,596	165,718
		3,428,855	1,469,164	68,705	871,583	5,838,307	5,638,327
Derivative financial liabilities							
Redemption obligation		–	–	37,083	–	37,083	27,827
		–	–	37,083	–	37,083	27,827

Interest rate benchmark reform

While the Hong Kong Dollar Overnight Index Average (“HONIA”) has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist. The Group’s bank loans linked to HIBOR will continue till maturity and hence, not subject to transition.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
	2025 RMB'000	2024 RMB'000			
Financial assets					
Investment in the fund linked notes classified as financial assets at FVTPL	–	401,007	Level 2	Net asset value of the financial product determined by net value of its underlying listed investments	N/A
Unlisted investment funds at FVTPL	240,751	198,788	Level 3	Net asset value of the fund, principally determined by net asset value of its underlying private investments	Net asset value (Note a)
Unlisted equity investments at FVTPL	61,029	81,576	Level 2	Recent transaction price	N/A
Unlisted equity investments at FVTPL	272,941	95,000	Level 3	Recent transaction price and back-solve method	Excepted volatility (Note b)
Investments in shares with preferential rights at FVTPL	107,000	5,189	Level 2	Recent transaction price	N/A
	101,189	123,000	Level 3	Market approach valuation and equity allocation model	DLOM (Note c)
Debt instrument at FVTPL	30,594	–	Level 3	Discounted cash flow method	Discount rate (Note d)
Derivative financial assets	–	5,441	Level 2	Discounted cash flow method, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A

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36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – CONTINUED

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis – continued

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
	2025 RMB'000	2024 RMB'000			
Financial liabilities					
Derivative financial liabilities	40,300	27,827	Level 3	Probability weighted valuation approach	Probability of certain event (Note e)

Notes:

- a. The significant unobservable input is the net assets value of the underlying private investments made by the unlisted funds. The higher the net assets value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB12,038,000 at 31 December 2025 (31 December 2024: RMB9,939,000).
- b. A slight increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the unlisted equity investments, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the unlisted equity investments by RMB3,000,000 at 31 December 2025 (31 December 2024: RMB1,000,000).
- c. A slight increase in the expected DLOM used in isolation would result in a decrease in the fair value measurement of the investments in shares with preferential rights, and vice versa. A 5% increase in the expected DLOM holding all other variables constant would decrease the carrying amount of the investments in shares with preferential rights by RMB5,000,000 at 31 December 2025 (31 December 2024: RMB7,000,000).
- d. A slight increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the debt instrument, and vice versa. A 5% increase in the discount rate holding all other variables constant would decrease the carrying amount of the debt instrument by RMB2,899,000 at 31 December 2025 (31 December 2024: nil)
- e. A slight increase in the probability of certain event to happen used in isolation would result in an increase in the fair value measurement of the derivative financial liabilities, and vice versa. A 5% increase in the probability of certain event to happen holding all other variables constant would increase the carrying amount of the derivative financial liabilities by RMB3,090,000 at 31 December 2025 (31 December 2024: RMB2,318,000).

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – CONTINUED

(ii) Reconciliation of level 3 fair value measurements:

	Unlisted investment funds at FVTPL RMB'000	Investments in shares with preferential rights RMB'000	Unlisted equity investments RMB'000	Debt instrument at FVTPL RMB'000
At 1 January 2024	134,051	–	–	–
Capital contribution	43,154	20,000	80,000	–
Transfer from Level 2	–	90,000	–	–
Changes in fair value	21,583	13,000	15,000	–
Balance at 31 December 2024	198,788	123,000	95,000	–
Capital contribution	22,142	7,000	–	30,000
Transfer from Level 2	–	5,189	22,941	–
Changes in fair value	19,821	(34,000)	155,000	594
Balance at 31 December 2025	240,751	101,189	272,941	30,594

	Financial liabilities at fair value RMB'000
At 1 January 2024	4,968
Changes in fair value	27,827
Settlement	(4,968)
Balance at 31 December 2024	27,827
Changes in fair value	12,473
Balance at 31 December 2025	40,300

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost recognised in the consolidated financial statements approximate their fair values.

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37. PLEDGE OF OR RESTRICTIONS ON ASSETS

At the end of 2025 and 2024, the Group pledged certain bank deposits and bills receivable to secure trade and loan facilities granted to the Group (see notes 26 and 31).

In addition, lease liabilities of RMB106,022,000 (2024: RMB165,718,000) are recognised with related right-of-use assets of RMB103,383,000 (2024: RMB164,277,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors and the relevant leased assets may not be used as security for borrowing purposes.

38. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Derivative financial assets				
Cross currency swap contracts (Note (i))	–	5,441	–	–

	Current		Non-current	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Derivative financial liabilities				
Redemption obligation (Note (ii))	40,300	–	–	27,827

Notes:

- (i) Cross currency swap contracts

The major terms of the outstanding cross currency swap contracts at the end of the reporting period are as follows. As of 31 December 2025, the contracts have been settled.

31 December 2024

Notional amounts	Commencement Date	Maturity	Contracted swap rate	Interest rates
Buy HK\$400,000,000	27/03/2024	15/12/2025	HK\$: RMB1:0.9179 HK\$ against RMB	From 1.89% per annum to 6.12% per annum

- (ii) Redemption obligation

In 2021, Chinasoft Beijing, a subsidiary of the Group, and other founding shareholders of its associate, pursuant to an agreement entered into with its associate and the new investors of the associate, agreed to redeem the interests of the new investors if the associate has not completed a qualified initial public offering on or prior to a certain date. The redemption price shall be the sum of issuance price paid by the new investors plus accrued interest at simple interest rate of 8% per annum. The redemption obligation has been accounted for as a derivative financial liability measured at fair value.

39. CAPITAL COMMITMENTS

	2025	2024
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– acquisition of property, plant and equipment	1,994	17,058
– construction of property, plant and equipment	478,596	438,150
	480,590	455,208

In addition, as at 31 December 2025, the Group committed to contribute further capital amounting to RMB236,975,000 (2024: RMB269,767,000) under the relevant agreements for its investments in entities accounted for using the equity method or measured at fair value.

40. SHARE-BASED PAYMENTS

Share option schemes

Pursuant to a resolution passed on 20 May 2013, the Company's first share option scheme which would be expired on 1 June 2013 was terminated and a new share option scheme (the "Share Option Scheme") was adopted.

Under the Share Option Scheme, the board of directors may grant options to eligible participants including the directors, full-time and part-time employees of the Company or any of its subsidiaries or associates, suppliers and customers of the Company or any of its subsidiaries or associates to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme. An offer for the grant of options must be accepted within one month from the date of offer, and a consideration of HK\$1.00 is payable by each of the participants on acceptance of the grant of options.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than ten years after the date on which an offer of the grant of an option is accepted. The subscription price for shares under the Share Option Scheme will be a price determined by the board of directors and notified to each grantee and will be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer and; (iii) the nominal value of a share.

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40. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The Company may grant options under the Share Option Scheme and any other share option schemes of the Company entitling the grantees to exercise up to an aggregate of 10% of the total number of shares in issue as at the date of adoption of the Share Option Scheme unless otherwise approved by the shareholders. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK\$5,000,000 must be approved by the Company's shareholders.

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2024 are as follows:

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options				
					Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2024
Non-executive directors:									
Zhang Yaqin	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	(400,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	(300,000)	-
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	(300,000)	-
Gao Liangyu	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	(400,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	(300,000)	-
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	(300,000)	-
					2,000,000	-	-	(2,000,000)	-
Independent non-executive directors:									
Lai Guanrong	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	(320,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	(240,000)	-
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	(240,000)	-
Mo Lai Lan	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	(320,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	(240,000)	-
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	(240,000)	-
					1,600,000	-	-	(1,600,000)	-

40. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2024 are as follows: – continued

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options					
					Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2024	
Retired independent non-executive director:										
Zeng Zhijie	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	–	–	(320,000)	–	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	–	–	(240,000)	–	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	–	–	(240,000)	–	
					800,000	–	–	(800,000)	–	
Employees:										
	27.8.2020	HK\$5.65	27.08.2020 – 26.08.2021	27.8.2021 – 26.8.2024	12,640,000	–	–	(12,640,000)	–	
			27.08.2020 – 26.08.2022	27.8.2022 – 26.8.2024	9,570,000	–	–	(9,570,000)	–	
			27.08.2020 – 26.08.2023	27.8.2023 – 26.8.2024	9,690,000	–	–	(9,690,000)	–	
					31,900,000	–	–	(31,900,000)	–	
Resigned non-executive director:										
Gavriella Schuster	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	–	–	(400,000)	–	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	–	–	(300,000)	–	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	–	–	(300,000)	–	
					1,000,000	–	–	(1,000,000)	–	
Total					37,300,000	–	–	(37,300,000)	–	
Exercisable at the end of the year										
Weighted average exercise price					HK\$5.65	–	–	–	–	–

40. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The estimated fair value of the share options granted to certain directors and employees on 27 August 2020 was HK\$1.58 to HK\$1.91 per option. The estimated fair value of the share options granted to certain suppliers on 27 August 2020 was HK\$1.44 to HK\$1.71 per option. As at 31 December 2024, all exercisable share options had expired.

Share award scheme

Pursuant to a resolution passed on 10 December 2018 by the board of directors of the Company, a share award scheme (“Share Award Scheme”) was adopted. The board of directors of the Company may, at its absolute discretion, select any employee to participate in the Share Award Scheme and grant shares to the employee at no consideration. The purpose of the Share Award Scheme is to recognise the contributions by certain qualifying employees of the Group and to provide them with incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. On the same date, a trust was established under a trust deed entered into by the Company to administer the Share Award Scheme, and for the purchase or subscription of the shares of the Company, based on financial support given by the Group. Any shares subsequently awarded by the Company to the qualifying employees will be settled with the shares held by the trust on behalf of the Company. The directors of the Company have determined that the Company controls the trust through the trust deed and therefore consolidates the trust.

Subject to any early termination as may be determined by the board of directors of the Company pursuant to the Share Award Scheme rules, the Share Award Scheme shall be valid and effective for a term of ten years commencing from the adoption date.

The board of directors of the Company shall not make any further award of shares which will result in the nominal value of the shares awarded by the board of directors of the Company under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a qualifying employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

During the year ended 31 December 2025, the trust did not purchase any shares of the Company on the Stock Exchange for the Share Award Scheme (2024: did not purchase any shares of the Company on the Stock Exchange for the Share Award Scheme). As at 31 December 2025, accumulated number of the shares purchased under Share Award Scheme is 332,346,000 (2024: 332,346,000) shares.

On 1 June 2020, the Company issued to certain directors and employees awards to subscribe for 152,000,000 shares in the Company at no consideration upon vesting. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The Group determined that fair value of each share award is HK\$3.98 at the grant date.

40. SHARE-BASED PAYMENTS – CONTINUED

Share award scheme – continued

On 30 August 2023, the Company issued to certain directors and employees awards to subscribe for 145,460,000 shares in the Company at no consideration upon vesting. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The Group determined that fair value of each share award is HK\$5.09 at the grant date.

The movements of the shares granted to the directors and other employees of the Group during the year ended 31 December 2025 are as follows:

Type of grantees	Date of grant	Exercise price	Vesting period	Number of share awards				
				Outstanding at 1.1.2025	Granted during the year	Vested during the year	Cancelled/ Lapsed during the year	Outstanding at 31.12.2025
Executive directors:								
Chen Yuhong	1.6.2020	-	1.6.2020-31.5.2025	1,650,000	-	(1,650,000)	-	-
	30.8.2023	-	30.8.2023-29.8.2030	9,996,000	-	(749,700)	-	9,246,300
Tang Zhenming	1.6.2020	-	1.6.2020-31.5.2027	2,880,000	-	(1,440,000)	-	1,440,000
	30.8.2023	-	30.8.2023-29.8.2030	5,000,000	-	(375,000)	-	4,625,000
He Ning	30.8.2023	-	30.8.2023-29.8.2030	4,340,000	-	(1,000,000)	-	3,340,000
				23,866,000	-	(5,214,700)	-	18,651,300
Independent non-executive director:								
Yeung Tak Bun	30.8.2023	-	30.8.2023-29.8.2028	800,000	-	(200,000)	-	600,000
				800,000	-	(200,000)	-	600,000
Other Employees:								
Employees	1.6.2020	-	1.6.2020-31.5.2027	52,410,000	-	(26,842,000)	-	25,568,000
	30.8.2023	-	30.8.2023-29.8.2030	122,244,000	-	(8,012,300)	-	114,231,700
				174,654,000	-	(34,854,300)	-	139,799,700
Total				199,320,000	-	(40,269,000)	-	159,051,000

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40. SHARE-BASED PAYMENTS – CONTINUED

Share award scheme – continued

The movements of the shares granted to the directors and other employees of the Group during the year ended 31 December 2024 are as follows:

Type of grantees	Date of grant	Exercise price	Vesting period	Number of share awards				Outstanding at 31.12.2024
				Outstanding at 1.1.2024	Granted during the year	Vested during the year	Cancelled/ Lapsed during the year	
Executive directors:								
Chen Yuhong	1.6.2020	-	1.6.2020-31.5.2025	3,850,000	-	(2,200,000)	-	1,650,000
	30.8.2023	-	30.8.2023-29.8.2030	9,996,000	-	-	-	9,996,000
Tang Zhenming	1.6.2020	-	1.6.2020-31.5.2027	3,888,000	-	(1,008,000)	-	2,880,000
	30.8.2023	-	30.8.2023-29.8.2030	5,000,000	-	-	-	5,000,000
He Ning	30.8.2023	-	30.8.2023-29.8.2030	5,000,000	-	(660,000)	-	4,340,000
				27,734,000	-	(3,868,000)	-	23,866,000
Independent non-executive director:								
Yeung Tak Bun	30.8.2023	-	30.8.2023-29.8.2028	1,000,000	-	(200,000)	-	800,000
				1,000,000	-	(200,000)	-	800,000
Other Employees:								
Employees	1.6.2020	-	1.6.2020-31.5.2027	75,233,000	-	(22,823,000)	-	52,410,000
	30.8.2023	-	30.8.2023-29.8.2030	124,464,000	-	(2,220,000)	-	122,244,000
				199,697,000	-	(25,043,000)	-	174,654,000
Total				228,431,000	-	(29,111,000)	-	199,320,000

The Group recognised a total expense of RMB170,421,000 for the year ended 31 December 2025 (2024: RMB203,865,000) in relation to shares awarded by the Company.

41. RETIREMENT BENEFITS SCHEMES

According to the rules and regulations of the PRC, the Group contributes to state-sponsored retirements plans for its employees in the PRC. The Group is required to contribute a certain percentage of the basic salaries of its employees to the retirements plans, and has no further obligation for the actual payment of the previous or post retirement benefits. The relevant state-sponsored retirements plans are responsible for the entire present obligation to retired employees.

In accordance with the relevant mandatory provident fund laws and regulations of Hong Kong, the Group operates a Mandatory Provident Fund (“MPF”) scheme (“MPF Scheme”) for all qualifying Hong Kong employees. The assets of the scheme are held separately from those of the Group and under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the scheme.

During the years ended 31 December 2025 and 2024 the Group had no forfeited contributions under the above retirement benefit schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 31 December 2025 and 2024 under such schemes, which may be used by the Group to reduce the contribution payable in future years.

During the year, the total cost of retirement benefits contributions charged to profit or loss of RMB886,046,000 (2024: RMB781,144,000) represents contributions to the schemes made by the Group at rates specified in the rules of the respective schemes.

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Amounts due to related companies	Dividend payable
	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000
As at 1 January 2024	3,016,817	155,684	10,414	–
Exchange adjustments	31,017	382	–	–
New borrowings raised	7,225,532	–	–	–
Repayment of borrowings	(5,872,670)	–	–	–
New leases entered	–	160,205	–	–
Termination of leases	–	(43,497)	–	–
Repayments of lease liabilities	–	(114,532)	–	–
Interest expenses	168,442	7,476	–	–
Advance from related companies	–	–	9	–
Repayment to related companies	–	–	(8)	–
Interest paid	(153,041)	–	–	–
Dividend declared	–	–	–	190,683
Dividend paid	–	–	–	(190,683)
As at 31 December 2024	4,416,097	165,718	10,415	–
Exchange adjustments	(25,083)	3	–	–
New borrowings raised	6,381,477	–	–	–
Repayment of borrowings	(6,053,202)	–	–	–
New leases entered	–	77,438	–	–
Termination of leases	–	(44,896)	–	–
Repayments of lease liabilities	–	(99,231)	–	–
Interest expenses	112,456	6,990	–	–
Interest paid	(118,317)	–	–	–
Dividend declared	–	–	–	122,196
Dividend paid	–	–	–	(122,196)
As at 31 December 2025	4,713,428	106,022	10,415	–

43. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with the Group's associates (including their subsidiaries), other than those disclosed elsewhere in the consolidated financial statements:

	2025	2024
	RMB'000	RMB'000
Provision of IT outsourcing services by the Group	35,785	35,336
Provision of IT solution services by the Group	15,441	12,909
Provision of other services by the Group	13,073	6,231

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	10,599	18,035
Retirement benefits costs	295	282
Share-based payment expenses	24,164	31,091
	35,058	49,408

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. MAJOR NON-CASH TRANSACTIONS

The Group entered into certain new lease arrangements for the use of leased properties during the year, and on the lease commencement, the Group recognised an increase in right-of-use assets of RMB77,438,000 (2024: RMB160,205,000) and lease liabilities of RMB77,438,000 (2024: RMB160,205,000) respectively.

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45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the company at the end of the reporting period are set out below.

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Principal activities
			Directly		Indirectly		
			2025 %	2024 %	2025 %	2024 %	
Chinasoft International (Hong Kong) Limited	Hong Kong	HK\$100	-	-	100	100	Investment holding and trading of standalone software products
中軟國際科技服務(香港)有限公司 Chinasoft International Technology Service (Hong Kong) Limited	Hong Kong	HK\$100,000	-	-	100	100	Provision of IT outsourcing services
北京中軟國際信息技術有限公司	PRC	RMB200,000,000	-	-	100	100	Provision of solutions, IT outsourcing, IT consulting services, software development and trading of standalone software and hardware products
上海中軟華騰軟件系統有限公司 Shanghai Huateng	PRC	RMB350,000,000	-	-	100	100	Development and provision of IT system
中軟國際科技服務有限公司 CSITS	PRC	RMB300,000,000	-	-	100	100	Provision of IT outsourcing services
中軟國際(上海)科技服務有限公司 Chinasoft International Technology Service (Shanghai) Ltd.	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
北京中軟國際科技服務有限公司 CSITS BJ	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
中軟國際科技服務(大連)有限公司	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
武漢中軟國際科技服務有限公司	PRC	RMB50,000,000	-	-	100	100	Provision of IT outsourcing service

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

Details of the principal subsidiaries directly and indirectly held by the company at the end of the reporting period are set out below. – continued

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Principal activities
			Directly		Indirectly		
			2025 %	2024 %	2025 %	2024 %	
深圳中軟國際科技服務有限公司 CSITS SZ	PRC	RMB50,000,000	-	-	100	100	Provision of solutions IT outsourcing IT consulting
中軟國際科技服務南京有限公司 CSITS NJ	PRC	RMB20,000,000	-	-	100	100	Provision of solutions IT outsourcing IT consulting
CSI Interfusion SDN.BHD	MY	MYR1,000,100	-	-	100	100	Provision of solutions IT outsourcing IT consulting
解放號網絡科技有限公司	PRC	RMB50,000,000	-	-	100	100	Provision of solutions
成都天府中軟國際科技服務有限公司 CSITS CD	PRC	RMB100,000,000	-	-	100	100	Provision of solutions

None of the subsidiaries had issued any debt securities outstanding at 31 December 2025 or at any time during the year.

Note i: All the PRC established entities are registered as limited liability companies.

In the opinion of the directors of the Company, none of the individual subsidiary has non-controlling interests that are material to the Group.

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46. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 RMB'000	2024 RMB'000
Non-current asset		
Interests in subsidiaries	2,575,618	2,429,369
	2,575,618	2,429,369
Current assets		
Other receivables	48,050	37,707
Amounts due from subsidiaries	30,284	725,296
Bank balances and cash	371,667	105,219
Derivative financial assets	–	5,441
	450,001	873,663
Current liabilities		
Other payables	587	995
Amounts due to subsidiaries	931,397	398,661
Borrowings	–	1,243,786
	931,984	1,643,442
Net current liabilities	(481,983)	(769,779)
Total assets less current liabilities	2,093,635	1,659,590
Non-current liability		
Borrowings	451,116	–
	451,116	–
	1,642,519	1,659,590
Capital and reserves		
Share capital	123,434	123,434
Share premium	4,301,117	4,435,962
Treasury shares	(820,658)	(991,060)
Reserves (Note)	(1,961,374)	(1,908,746)
Total equity	1,642,519	1,659,590

46. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY – CONTINUED

Note: Movement in reserves

	Equity-settled share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	268,500	(2,080,502)	(1,812,002)
Loss and total comprehensive expense for the year	–	(190,854)	(190,854)
Recognition of share-based payment expenses	203,865	–	203,865
Share options expired	(59,171)	59,171	–
Vesting of award shares	(109,755)	–	(109,755)
At 31 December 2024	303,439	(2,212,185)	(1,908,746)
Loss and total comprehensive expense for the year	–	(65,296)	(65,296)
Recognition of share-based payment expenses	170,421	–	170,421
Vesting of award shares	(157,753)	–	(157,753)
At 31 December 2025	316,107	(2,277,481)	(1,961,374)

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RESULTS

	For the year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Turnover	18,398,076	20,005,171	17,116,894	16,950,733	17,027,414
Profit before taxation	1,252,077	829,882	733,947	568,096	400,870
Income tax expense	(115,387)	(71,053)	(21,280)	(56,951)	(77,360)
Profit for the year	1,136,690	758,829	712,667	511,145	323,510
Attributable to:					
Owners of the Company	1,136,911	759,441	713,394	512,925	321,449
Non-controlling interests	(221)	(612)	(727)	(1,780)	2,061
	1,136,690	758,829	712,667	511,145	323,510
	HKD (cents)	HKD (cents)	HKD (cents)	HKD (cents)	HKD (cents)
Dividend	3.23	5.67	8.11	5.33	4.66

ASSETS AND LIABILITIES

	As at 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	16,902,293	16,964,785	17,067,670	18,432,317	18,728,228
Total liabilities	(5,275,734)	(4,829,994)	(5,300,910)	(6,993,823)	(6,913,993)
	11,626,559	12,134,791	11,766,760	11,438,494	11,814,235