

讯众股份

北京訊眾通信技術股份有限公司

Beijing Xunzhong Communication Technology Co., Ltd.

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

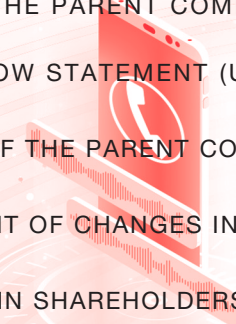
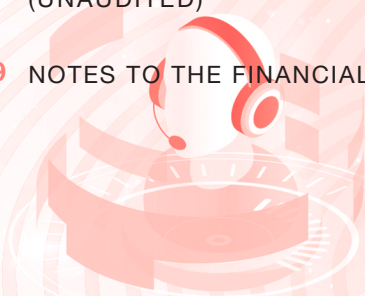
Stock Code : 2597

2025 INTERIM
REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Piao Shenggen (樸聖根)
(Chairman of the Board
and Chief Executive Officer)

Mr. Wang Peide (王培德)

Mr. Yue Duanpu (岳端普)

Mr. Zhang Zhishan (張治山)

Ms. Chen Jing (陳晶)

Independent Non-executive Directors

Mr. Sun Qiang (孫強)

Mr. Xiang Ligang (項立剛)

Mr. Su Zile (蘇子樂)

SUPERVISORS

Ms. Jiang Hongyan (蔣紅艷) (Chairlady)

Mr. Guo Dawei (郭大偉)

Mr. Zhang Wen (張文)

AUDIT COMMITTEE

Mr. Sun Qiang (孫強) (Chairman)

Mr. Xiang Ligang (項立剛)

Mr. Su Zile (蘇子樂)

NOMINATION COMMITTEE

Mr. Su Zile (蘇子樂) (Chairman)

Ms. Chen Jing (陳晶)

Mr. Xiang Ligang (項立剛)

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Xiang Ligang (項立剛) (Chairman)

Mr. Sun Qiang (孫強)

Mr. Su Zile (蘇子樂)

STRATEGIC COMMITTEE

Mr. Piao Shenggen (樸聖根) (Chairman)

Mr. Wang Peide (王培德)

Mr. Xiang Ligang (項立剛)

JOINT COMPANY SECRETARIES

Ms. Hu Jun (胡軍)

Ms. Au Wing Sze (區詠詩)

STOCK CODE

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DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings set forth below:

“AI”	artificial intelligence
“API”	Application Programming Interface, commonly known as API, is a set of protocols that allows unconnected applications to communicate with each other
“Articles” or “Articles of Association”	the articles of association adopted by our Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CAGR”	compound annual growth rate
“Call Agent(s)”	individuals who handle incoming and outgoing calls in a call center or customer service environment
“Call Bot(s)”	automated software programs designed to interact with humans through voice or text-based conversations
“CASBE”	PRC Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司), a limited liability company incorporated in the PRC on November 20, 2008, which was converted into a joint stock company with limited liability on October 11, 2014, with its H Shares being listed on the Main Board of the Stock Exchange (Stock Code: 2597)
“Computing Power”	refers to the capacity of a computer or computer system to execute complex computations and data processing tasks within a given timeframe
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Contact Center SaaS”	Contact Center Software as a Service, one of our Group’s business segment

“CPaaS”	Communications Platform as a Service, one of our Group’s business segment
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and fully paid in RMB
“Edge Computing”	a distributed information technology architecture in which data is processed as close to the originating source as possible. This approach moves computing resources from centralized data centers closer to the devices generating and consuming data, such as IoT devices, smartphones, or local servers
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“Group” or “our Group”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IoT”	the Internet of Things, refers to the network of physical devices embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
“Issuance and Listing of H Shares”	the application submitted by the Company to the Stock Exchange for the overseas listing of foreign shares (H Shares) and for listing on the Main Board of the Stock Exchange
“Latest Practicable Date”	September 12, 2025, being the latest practicable date for the purpose of adding certain information in this report prior to its printing
“Listing”	the listing of H Shares on the Main Board of the Stock Exchange on July 9, 2025
“Listing Date”	July 9, 2025
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“LLM”	large language model, refers to a type of artificial intelligence that is designed to process and generate human-like language by leveraging statistical patterns learned from vast corpora of text data
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Piao”	Mr. Piao Shenggen (樸聖根), the chairman of the Board, chief executive officer and a substantial shareholder of the Company
“NLP”	Natural Language Processing (NLP) is a field of artificial intelligence (AI) that focuses on the interaction between computers and humans through natural language. The goal of NLP is to enable computers to understand, interpret, and generate human language in a way that is both meaningful and useful
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the Company’s prospectus dated June 30, 2025
“R&D”	research and development
“RCS”	Rich Communication Services (RCS) is an enhancement of traditional Short Message Service (SMS) and Multimedia Messaging Service (MMS) that includes various advanced features such as read receipts, typing indicators, high-quality media sharing, improved group chats, and interactive elements
“Remuneration and Assessment Committee”	the remuneration and assessment committee of the Board
“Reporting Period”	the six months ended 30 June, 2025
“RMB”	Renminbi, the lawful currency of the PRC

“SaaS”	Software as a Service, refers to a cloud computing model that provides users with access to software applications via the internet, eliminating the need for users to install and run the application on their own computers or infrastructure
“SDK”	Software Development Kit, a set of software tools, guidelines, and programs used by developers to create applications for specific platforms
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	shares in the capital of our Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)
“specific LLM”	a large language model which is trained to provide responses to questions which are related to a specific industry or an application scenario
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Committee”	the strategic committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

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

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

The market size of China's cloud-based communications services refers to the total revenue generated by both providers with single service capability and providers of full-suite communications services. According to information from the MIIT and Frost & Sullivan, with the expanding application of cloud technologies and increasing demand for cloud migration from downstream customers, China's cloud-based communications services market experienced a continuous growth in recent years. From 2020 to 2024, the total revenue of China's cloud-based communications services market increased from RMB35.5 billion to RMB50.3 billion, growing at a CAGR of 9.1%. In the future, with the further digital transformation and the expanding application scenarios of cloud communication, China's cloud-based communications services market is expected to maintain a rapid growth. In 2029, the total revenue of China's cloud-based communications services market is expected to reach RMB74.5 billion, representing a CAGR of 8.2% from 2024 to 2029.

Downstream industries have a strong demand for improving communication capabilities. With an increasing number of enterprises and the dynamic changes in customers' needs, the downstream industries are facing intense competition. Therefore, it is crucial to obtain strong communication capabilities, as well as improve customer service quality and satisfaction, so as to enhance competitiveness. Cloud-based communications services provide an intelligent platform integrating communication capabilities with an efficient call center, which can improve enterprises' service quality and operational efficiency. Meanwhile, more enterprises have become aware of the importance of cloud-based communications services, which has stimulated strong downstream demand for improving communication capabilities.

2. China's project-based communications solution market

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

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

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

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

(1) Cloud-Based Communications Services

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

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

As of June 30, 2025, the revenue from cloud-based communications services of the Group decreased compared with that in the corresponding period in 2024. This was due to the fact that the Group targetedly reduced the business volume of some customers with low gross profit margins. Meanwhile, due to the announcement by the MIIT in March, requiring SMS content providers to complete a series of rectifications on their qualification information, leading to a temporary reduction in demand for the Group's messaging products and services. As of the date of this report, the Group has cooperated with its customers to complete all the rectification required by the above policy. In the second half of 2025, it is expected that the operating income of the Company will resume stable and operation will no longer be affected by the aforementioned policies. While the Group's operating income decreased, the net profit of the Group was not affected by the decrease in revenue, mainly due to the adjustment of the Group's business strategies to reduce the proportion of businesses with low gross profit and retain businesses with high gross profit. It was also attributable to the Group's management of administrative expenses and selling expenses in the first half of 2025, making effective use of the Group's funds.

(2) Smart Communication Solutions

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

In the first half of 2025, we have made major breakthroughs in projects such as public safety video systems, smart construction sites and smart parks for digital cities and villages. As of June 30, 2025, the revenue from smart scenario applications grew significantly from 2024.

(3) Other Communications Services and Accessories

In addition to our main services and solutions, we also offer other communications services and accessories, mainly comprising specialized mobile phones, contact center outsourcing, and video conference solutions. We have been scaling down the aforementioned business since 2022, primarily due to low profitability of the relevant business. As of June 30, 2025, revenue from other communications services and accessories decreased significantly from 2024, but gross profit margin increased slightly.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Revenue

The Group generates revenue mainly from cloud-based communications services, project-based communications solutions and other communications services and accessories. For the six months ended June 30, 2025, the revenue of the Group was RMB274.03 million, representing a decrease of RMB104.19 million or 27.55% from RMB378.22 million in the corresponding period of last year, which was mainly attributable to the Company adjusting its product mix to exclude low-margin businesses. The revenue of each business segment is as follows:

For the six months ended June 30, 2025, the revenue of the cloud-based communications services segment was RMB252.38 million, representing a decrease of RMB104.52 million or 29.29% from RMB356.90 million in the corresponding period of last year, which was mainly due to the Company adjusting its product mix to exclude low-margin businesses, resulting in a decrease of RMB76.38 million in the SMS business, RMB19.13 million in voice, RMB2.79 million in the IoT business and RMB3.00 million in the cloud call center business of the cloud communication products.

For the six months ended June 30, 2025, the revenue of the project-based communications solutions segment was RMB13.81 million, representing an increase of RMB8.31 million or 151.09% from RMB5.50 million in the corresponding period of last year, which was mainly due to four projects with large transactions amount during the Reporting Period, which were carried forward as revenue.

For the six months ended June 30, 2025, the revenue of the other communications services and accessories segment was RMB7.84 million, representing a decrease of RMB8.01 million or 50.54% from RMB15.85 million in the corresponding period of last year, which was mainly due to impact from the market, resulting in a decrease of RMB7.14 million in the call operation business, RMB0.25 million in sales of goods, and RMB0.62 million in the video conferencing.

Cost

For the six months ended June 30, 2025, the costs incurred by the Group were RMB21.44 million, representing a decrease of RMB7.89 million or 26.90% from RMB29.33 million in the corresponding period of last year, which was mainly due to decrease in cost year-on-year, which was in line with the decrease in revenue from cloud-based communications services and other communications services and accessories during the Reporting Period. The cost incurred by each business segment is as follows:

For the six months ended June 30, 2025, the costs incurred by the cloud-based communications services segment were RMB202.90 million, representing a decrease of RMB73.64 million or 26.63% from RMB276.54 million in the corresponding period of last year, which was mainly due to the Group adjusting its product mix to exclude low-margin businesses, resulting in a decrease of RMB60.34 million in the SMS cost, RMB10.25 million in voice cost, and RMB2.41 million and RMB0.83 million, respectively, in IoT and cloud call center costs during the Reporting Period.

For the six months ended June 30, 2025, the costs incurred by the project-based communications solutions segment were RMB4.13 million, representing an increase of RMB3.13 million or 313.00% from RMB1.00 million in the corresponding period of last year, which was mainly due to an increase in cost year-on-year, which was in line with the increase in revenue from project-based communications solutions of the Group during the Reporting Period.

For the six months ended June 30, 2025, the costs incurred by the other communications services and accessories segment were RMB7.38 million, representing a decrease of RMB8.39 million or 53.20% from RMB15.77 million in the corresponding period of last year, which was mainly due to a decrease in cost year-on-year, which was in line with the decrease in revenue from other communications services and accessories during the Reporting Period.

Gross profit and gross profit margin

For the six months ended June 30, 2025, the gross profit of the Group was RMB59.62 million, representing a decrease of RMB23.80 million or 28.53% from RMB83.42 million in the corresponding period of last year; and

The comprehensive gross profit margin was 21.76%, remaining largely unchanged from the corresponding period of last year.

Selling expenses

For the six months ended June 30, 2025, the selling expenses of the Group were RMB7.29 million, representing a decrease of RMB2.76 million or 27.46% from RMB10.05 million in the corresponding period of last year, which was mainly due to the Company implementing a new assessment method, resulting in a decrease of RMB2.70 million in remuneration during the Reporting Period.

Administrative expenses

For the six months ended June 30, 2025, the administrative expenses of the Group were RMB13.39 million, representing a decrease of RMB2.64 million or 16.50% from RMB16.03 million in the corresponding period of last year, which was mainly due to the Company implementing a new assessment method, resulting in a decrease of RMB1.73 million in remuneration, a decrease of RMB0.66 million in training fees, and a decrease of RMB0.25 million in renovation fees during the Reporting Period.

R&D expenses

For the six months ended June 30, 2025, the R&D expenses of the Group were RMB18.61 million, representing an increase of RMB4.79 million or 34.70% from RMB13.82 million in the corresponding period of last year, which was mainly due to the Company increasing investment in R&D, outsourcing R&D increased by RMB8.08 million, and the Company implemented a new assessment method, resulting in a decrease of RMB2.75 million in remuneration during the Reporting Period.

Financial expenses

For the six months ended June 30, 2025, the financial expenses of the Group were RMB5.16 million, representing a decrease of RMB7.72 million or 59.94% from RMB12.88 million in the corresponding period of last year, which was mainly due to a decrease of RMB7.17 million in interest, as well as a decrease in bank charges during the Reporting Period.

Income tax expenses

For the six months ended June 30, 2025, the income tax expenses of the Group were RMB4.42 million, representing an increase of RMB7.27 million or 255.09% from RMB-2.85 million in the corresponding period of last year, which was mainly due to an increase of RMB1.96 million in tax paid, as well as a decrease of RMB3.80 million in lease liabilities and a decrease of RMB10.71 million in impairment provisions during the Reporting Period.

Net profit attributable to shareholders of the listed company

For the six months ended June 30, 2025, the net profit attributable to shareholders of the listed company was RMB25.49 million, representing an increase of RMB0.61 million from the net profit attributable to shareholders of the listed company of RMB24.88 million in the corresponding period of last year, which was mainly due to a decrease in credit impairment loss during the Reporting Period.

Equity attributable to non-controlling interests

For the six months ended June 30, 2025, the loss attributable to non-controlling interests of the Group was RMB1.21 million, representing an increase of RMB0.12 million or 11.00% from the loss attributable to non-controlling interests of RMB1.09 million in the corresponding period of last year, which was mainly due to continued loss from Yingkou Huali Daxing Technology Co., Ltd. (營口華利達興科技有限公司), the holding company of the Company, during the Reporting Period.

Cash flows***Net cash flow generated from operating activities***

For the six months ended June 30, 2025, the net cash flow generated from operating activities of the Group was RMB73.78 million, representing an increase of RMB132.93 million or 224.73% from RMB-59.15 million in the corresponding period of last year, which was mainly due to the Company strengthening its capital control during the Reporting Period.

Net cash flow generated from investing activities

For the six months ended June 30, 2025, the net cash flow generated from investing activities of the Group was RMB-4,553.99, representing an increase of 96.16% from the corresponding period of last year, which was mainly attributable to the reduced investing activities of the Company and a decrease in the purchase of fixed assets.

Net cash flow generated from financing activities

For the six months ended June 30, 2025, the net cash flow generated from financing activities of the Group was RMB-4.51 million, representing a decrease of RMB53.05 million or 109.29% from RMB48.54 million in the corresponding period of last year, which was mainly due to the Company strengthening its capital control and a reduction in bank loans during the Reporting Period.

Liquidity and Financial Resources

Capital Structure

A. Borrowing

The total bank and other borrowings of the Group as at June 30, 2025 were RMB312.36 million (as at December 31, 2024: RMB300.29 million). The bank borrowing was interest-bearing and unsecured. During the Reporting Period, the Group did not experience any difficulties in utilizing its banking facilities.

B. Gearing Ratio

As at June 30, 2025, the gearing ratio of the Group was 43.53% (as at December 31, 2024: 43.41%), representing an increase of 0.12% (calculated as the total liabilities divided by the total assets and multiplied by 100%), remaining largely unchanged from last year. This fluctuation falls within the normal range of balance sheet structure variations. The gearing ratio of the Group indicates a robust financial position, as its debt level remains within reasonable parameters for enterprises operating under normal conditions.

C. Cash and Cash Equivalents

For the six months ended June 30, 2025, the cash and cash equivalents of the Group were RMB76.55 million, representing an increase of RMB10.59 million or 16.05% from RMB65.97 million in the corresponding period of last year, mainly due to the Group strengthening its treasury management, and collection of customer receivables. The cash and cash equivalents of the Company are held in RMB.

Capital expenditure

For the six months ended June 30, 2025, the Group did not have any material capital expenditure.

Pledge of assets

As of June 30, 2025, the Group did not have any pledge of assets.

Credit risk

As at June 30, 2025, the largest credit risk exposure that may incur financial loss to the Group mainly came from the book value of each financial asset in the balance sheet. The monetary funds held by the Company are mainly deposited in financial institutions, such as state-owned holding banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a high reputation and asset status, do not have significant credit risk, and will not cause any significant loss due to the default of the counterparty.

Interest rate risk

The Group's interest rate risk mainly arises from bank borrowings. Financial liabilities at floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities at fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative ratio of its fixed interest rate and floating interest rate contracts based on prevailing market conditions. As at June 30, 2025, all the Group's borrowings were denominated in RMB and carried interest at floating interest rates.

Foreign exchange risk

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

Contingent liabilities

As at June 30, 2025, the Group had no material contingent liabilities.

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

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

Treasury policy

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

Future plans for material investment or acquisition of capital asset

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

Significant investments

The Group had no significant investment during the Reporting Period.

IV. PROSPECTS

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

1. Continuous improvement and innovation of services and solutions

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

- we will continue to focus on and expand within the cloud-based communications services market, maintaining our position as a leading service provider. According to Frost & Sullivan, as of December 31, 2024, there were approximately 800 cloud-based communications services providers in China. This industry still has significant growth potential, which we expect more businesses to benefit from market growth. For example, to increase revenue and customer stickiness, we plan to provide communications operating services to large corporate customers in addition to our existing services and solutions, addressing their daily communication needs at a more comprehensive level;
- we will innovate and develop new services and solutions, such as RCS messaging services, smart watches, monitoring and early warning systems, and emergency call systems for the elderly population;
- we will upgrade our existing industry solutions, introducing industry-specific customized solutions to meet the specific needs of customers in key industries, expanding and enhancing technology in different scenarios to improve operational efficiency and user experience; and
- we will continue to strengthen research and development capabilities, fostering an innovative corporate culture, and attracting and retaining top talent to expand the research and development team.

2. Enhancing AI applications

We will continue to develop and maintain a portfolio of a full-suite of services and solutions to meet diverse customer needs and improve operational efficiency. Specifically, we will strategically focus on leveraging LLMs, voiceprint recognition and image recognition and motion recognition for smart communications solutions and cloud-based communications services. By optimizing products with AI tools, we aim to increase the added value and improve the profit margin of the product. We intend to use our in-house trained AI applications to enhance our following services and solutions:

- CPaaS: For CPaaS, LLMs can generate content and review templates for messages for quality inspection.
- Contact Center SaaS: We plan to use AI computing power to upgrade our Contact Center SaaS, improving service efficiency and accuracy, as well as enhancing the personalization and intelligence of customer services. We aim to (i) reduce the response time of the customer's Call Agents through smart recommended answers; (ii) better ascertain the meaning of the end users in text and voices; and (iii) train specific LLMs to generate more satisfactory responses and to enable our smart call bots to handle more complex questions as compared to generic LLMs.
- Project-Based Communications Solutions: We intend to apply specific LLMs, voiceprint recognition, image recognition and motion recognition in our solutions. They will be applied in use cases such as dialogues, smart customer service and consultancy, public safety and emergency response, and cultural and tourism services.

3. Capturing new growth opportunities especially in the Southeast Asia market

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

V. RISK FACTORS AND RISK MANAGEMENT

Risks relating to the Group's business and industry

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

- (1) fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition;
- (2) failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects;
- (3) if we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics, and other risks and uncertainties, our business, results of operations, and prospects would be materially and adversely affected;
- (4) our business relies on telecommunications resources provided by China's major telecommunications operators and other service providers; if we fail to maintain our collaborations with these telecommunications operators or service providers, our ability to serve our customers could be materially and adversely affected;
- (5) if we fail to attract new customers or retain existing ones, our business, financial condition, and results of operations could be materially and adversely affected; and
- (6) we have experienced, and in the future may continue to experience, net operating cash outflows and increases in trade receivables turnover days, prepayments, other receivables and other assets, which could expose us to liquidity risks.

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

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

- (2) Actively seize market opportunities. During the past years, we foresaw these market drivers and took measures to seize opportunities. We pay attention to the applications of AI tools, such as data analytics, NLP, voiceprint recognition and motion recognition. This ensures that our services and solutions constantly improved from a technological perspective. We also provide a stable supply of telecommunications resources and possess strong sales capabilities. The former enables us to offer services from a diverse range of regional telecommunications operators and service providers. The latter helps us to effectively meet the growing demand for corporate communication.
- (3) In order to reduce the risk of dependence on cooperation with major telecommunications operators and service providers in China, we have adopted the following measures: 1) establishing a multi-supplier cooperation system to distribute the risks of having a single pipeline; 2) signing long-term framework agreements and clarifying the terms of service quality and liability for breach of contract; 3) conducting regular supplier service evaluation and alternative solution testing; 4) maintaining standardized technical interfaces to ensure substitutability; 5) establishing a special emergency fund for sudden changes in collaboration.
- (4) Given that the cloud communications business contributes most of our revenue and trade receivables, we have implemented the following measures shorten the settlement period starting from 2025: prefer customers with shorter payment cycles; more stringent payment terms for customers with significant trade receivables; incentivizing quicker settlement; scrutiny of payments progress and offer instalments for prompt settlement; set monthly collection targets.
- (5) In order to further improve our collection situation, we have taken various measures since 2025 to enhance our collection efforts for trade receivables, including establishing management policies for receivables, regularly reviewing receivables by finance personnel, actively communicating with our customers regarding settlements, and issuing collection letters. We have established a dedicated collection team, to continuously monitor payment progress. This team, together with our business development personnel, communicates with customers regarding payment collection through various methods.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CG CODE

As a company listed on the Stock Exchange, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

As H Shares have not yet been listed on the Stock Exchange as of June 30, 2025, the CG Code is not applicable to the Company during the Reporting Period. Upon the Listing, the Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

As H Shares have not yet been listed on the Stock Exchange as of June 30, 2025, the provisions under the Listing Rules relating to the compliance of the Model Code by the Directors and Supervisors are not applicable to the Company during the Reporting Period.

Upon Listing, the Company has adopted the Model Code as the code of conduct for all the Directors' and Supervisors' dealings in the securities of the Company. Having made specific enquiries, all Directors and Supervisors have confirmed that they had strictly complied with the required standards set out in the Model Code throughout the period from the Listing Date and up to the date of this interim report. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on terms no less exact than those in the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL INFORMATION

The Directors acknowledge the relevant responsibilities for the preparation of the Company's interim financial information, which are to ensure that the preparation of the Company's interim financial information is in accordance with the relevant regulations and applicable accounting standards, and to ensure that the Company's interim financial information is published in a timely manner.

BOARD DIVERSITY POLICY

Our Company believes that the diversity of Directors brings a broad vision as well as rich and high-level professional experience to the Company, which is conducive to facilitating scientific decision-making and improving corporate governance, and is one of the key factors for achieving sustainable development.

The Company will disclose the composition of the Board in the Corporate Governance Report included in its annual report every year. The Nomination Committee will review the Company's policies on board diversity on an annual basis to ensure that such policies are effective. The Nomination Committee will discuss any possible and required amendments to these policies and propose amendments to the Board for approval.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors who possess appropriate professional qualifications or accounting or related financial management expertise in accordance with the requirements of the Listing Rules. As at the Latest Practicable Date, the Company has appointed three independent non-executive Directors in total, namely Mr. Sun Qiang, Mr. Xiang Ligang and Mr. Su Zile.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to review the Company's annual internal audit work plan; to monitor the Company's financial reporting process and internal control procedure, to review the Company's internal audit quality and financial information disclosure; to review and monitor connected transactions and evaluate the appropriateness of such connected transactions; to monitor the appointment, re-appointment and removal of external auditors and to make recommendations to the Board in approving the remuneration and terms of engagement of the external auditor; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit procedures; to establish and implement policies regarding the provision of non-audit services by external auditors; to review interim and annual financial statements before submission to the Board; to evaluate the effectiveness of internal control and risk management framework, ensuring that the work of internal auditors and external auditors is coordinated, that the internal audit function has sufficient resources to operate within the Company, that relevant personnel have adequate capabilities and work experience, and that there are regular training plans or similar arrangements.

As at the Latest Practicable Date, the Audit Committee comprises three independent non-executive Directors, namely Mr. Sun Qiang (independent non-executive Director), Mr. Xiang Ligang (independent non-executive Director) and Mr. Su Zile (independent non-executive Director). Mr. Sun Qiang is the chairman of the Audit Committee, with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the Group's interim results announcement for the six months ended June 30, 2025, this interim report and the unaudited interim financial report for the six months ended June 30, 2025 prepared in accordance with the CASBE, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

OTHER INFORMATION

SHARE CAPITAL

As at the Latest Practicable Date, the structure of the issued share capital of the Company was as follows:

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

PUBLIC FLOAT

Based on publicly available information to the Company and to the knowledge of the Directors, no less than 25% of the issued Shares were held by the public throughout the period from the Listing Date and up to the Latest Practicable Date, which is in compliance with the requirements of the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the declaration of an interim dividend for the six months ended June 30, 2025.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On July 9, 2025, H Shares were successfully listed on the Stock Exchange, and 30,440,000 new H Shares were issued at the offer price of HK\$13.55 per H Share. After deducting the underwriting fees and related expenses, the net proceeds received by the Company from the global offering amounted to approximately HK\$367.5 million (equivalent to approximately RMB335.7 million). As of June 30, 2025, the net proceeds from the global offering have not been utilised as the global offering has not yet been completed. The Company intends to use the net proceeds from the global offering in accordance with the intended use of proceeds and proportion as well as the expected timetable as set out in the section headed “Future plans and use of proceeds” in the Prospectus.

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

For the six months ended June 30, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company.

OTHER INFORMATION

As at June 30, 2025, the Company did not hold any treasury shares.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ITS ASSOCIATED CORPORATIONS

As at June 30, 2025, H Shares have not yet been listed on the Stock Exchange. Therefore, Divisions 7 and 8 of Part XV of the SFO, Section 352 of the SFO and the Model Code were not applicable.

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

Interest in the Shares

Name	Capacity/Nature of interest	Type of Shares held	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
Directors/Chief Executives					
Mr. Piao Shenggen	Beneficial owner	Domestic Shares	24,984,600 (L)	27.36%	20.52%
Mr. Yue Duanpu	Beneficial owner	Domestic Shares	2,052,000 (L)	2.25%	1.69%
Mr. Wang Peide	Beneficial owner	Domestic Shares	783,590 (L)	0.86%	0.64%
Supervisors					
Ms. Jiang Hongyan	Beneficial owner	Domestic Shares	515,600 (L)	0.56%	0.42%
Mr. Zhang Wen	Beneficial owner	Domestic Shares	303,900 (L)	0.33%	0.25%

Notes:

- (1) The letter “L” denotes a long position or voting rights connected to the Shares.
- (2) The calculation is based on a total of 91,314,291 issued Domestic Shares as at the date of this interim report.
- (3) The calculation is based on a total of 121,754,291 issued Shares as at the date of this interim report.

Save as disclosed above, as at the date of this interim report, there were no interests or short positions held by our Directors, Supervisors and chief executives of our Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2025, H Shares have not yet been listed on the Stock Exchange. Therefore, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable.

OTHER INFORMATION

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

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

Notes:

- (1) The letter “L” denotes a long position or voting rights connected to the Shares.
- (2) The calculation is based on the total number of issued H Shares of 30,440,000 or the total issued Domestic Shares of 91,314,291 as at the date of this interim report.
- (3) The calculation is based on a total of 121,754,291 issued Shares as at the date of this interim report.

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

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2025, the total number of employees of the Group was 163 (June 30, 2024: 207). The remuneration of the management is composed of basic salary, position salary, performance salary and other salary, and the remuneration of ordinary employees is composed of basic salary, position salary, performance salary and business commission. The performance-based remuneration is determined based on the Group's performance and the performance appraisal of the employees.

The Group attaches great importance to staff training and continuously improves its education and training system. The Group provides comprehensive training programmes for its staff, including monthly induction training for new staff, product training for all staff when needed and centralized training for staff in key positions at the beginning of each year. During the Reporting Period, the Group paid a total of RMB18.77 million in remuneration to its employees (June 30, 2024: RMB23.6 million).

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material litigation or arbitration, and there was no litigation or claim of material importance pending and threatened by or against the Company.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There has been no change in the information of Directors, Supervisors and senior management of the Company that is required to be disclosed under Rules 13.51(2) and 13.51B of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company proceeded with the Issuance and Listing of H Shares on July 26, 2024. With the approval of the Stock Exchange, the 30,440,000 overseas-listed Shares (H Shares) issued by the Company were listed for trading on the Main Board of the Stock Exchange on July 9, 2025. The abbreviation for the H Shares is 訊眾通信 in Chinese and XUNZHONG in English, and the stock code is 2597.HK.

Upon the completion of the Issuance and Listing of H Shares, the changes in the Shares are as follows:

Type of Shares	Before the Issuance and Listing of H Shares		After the Issuance and Listing of H Shares	
	Number of Shares held (shares)	Ownership percentage	Number of Shares held (shares)	Ownership percentage
Domestic Shares (NEEQ)	91,314,291	100.00%	91,314,291	75.00%
Overseas-listed Shares (H Shares)	—	—	30,440,000	25.00%
Total	<u>91,314,291</u>	<u>100.00%</u>	<u>121,754,291</u>	<u>100.00%</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Current assets:			
Monetary capital	4(1)	76,553,609.24	7,286,014.49
Financial assets held for trading		—	—
Derivative financial assets	4(2)	—	—
Notes receivable and accounts receivable	4(3)	688,306,169.70	880,946,408.31
Prepayments	4(4)	698,308,522.72	521,158,451.72
Other receivables	4(5)	36,907,778.17	37,352,972.62
Inventories		5,865,779.04	1,925,854.70
Contract assets		187,644.00	—
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets	4(6)	5,420,036.88	9,468,949.26
Total current assets		1,511,549,539.75	1,458,138,651.10
Non-current assets:			
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments	4(7)	—	—
Other equity instrument investments	4(8)	—	—
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets	4(9)	2,163,969.32	2,477,540.28
Construction in progress		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets	4(10)	5,293,425.15	7,687,499.01
Intangible assets		—	—
Development expenses		—	—
Goodwill	4(11)	—	—
Long-term deferred expenses	4(12)	1,245,140.28	1,704,056.04
Deferred income tax assets	4(13)	12,024,824.46	13,853,316.82
Other non-current assets	4(14)	—	187,644.00
Total non-current assets		20,727,359.21	25,910,056.15
Total assets		1,532,276,898.96	1,484,048,707.25

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Current liabilities:			
Short-term borrowings	4(15)	247,189,695.27	255,292,974.25
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable and accounts payable	4(16)	198,734,693.97	203,303,056.64
Advances received		—	—
Contract liabilities	4(17)	69,863,693.00	51,223,451.37
Staff remuneration payables	4(18)	5,343,003.56	7,765,372.51
Taxes and dues payable	4(19)	8,845,876.58	6,596,919.10
Other payables	4(20)	100,375,481.27	90,129,867.39
Liabilities held for sale		—	—
Non-current liabilities due within one year	4(21)	4,478,259.97	5,726,309.25
Other current liabilities	4(22)	10,683,817.76	10,183,994.26
Total current liabilities		645,514,521.38	630,221,944.77
Non-current liabilities:			
Long-term borrowings	4(23)	20,000,000.00	10,000,000.00
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities	4(24)	900,701.51	3,460,026.48
Long-term payables		—	—
Accrued liabilities	4(25)	506,939.84	506,939.84
Deferred income		—	—
Deferred tax liabilities	4(13)	7,061.17	3,692.36
Other non-current liabilities		—	—
Total non-current liabilities		21,414,702.52	13,970,658.68
Total liabilities		666,929,223.90	644,192,603.45

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	4(26)	91,314,291.00	91,314,291.00
Other equity instruments		—	—
Including: Preference shares		—	—
Perpetual shares		—	—
Capital reserve	4(27)	258,907,051.85	258,907,051.85
Less: Treasury shares		—	—
Other comprehensive income	4(28)	-4,250,000.00	-4,250,000.00
Surplus reserve	4(29)	61,965,946.30	61,965,946.30
Undistributed profit	4(30)	458,623,150.72	433,004,620.45
Foreign currency financial statement translation differences		—	—
Total equity attributable to owners of the parent company		<u>866,560,439.87</u>	<u>840,941,909.60</u>
Equity attributable to minority shareholders		<u>-1,212,764.81</u>	<u>-1,085,805.80</u>
Total owners' equity (or shareholders' equity)		<u>865,347,675.06</u>	<u>839,856,103.80</u>
Total liabilities and owners' equity (or shareholders' equity)		<u>1,532,276,898.96</u>	<u>1,484,048,707.25</u>

BALANCE SHEET OF THE PARENT COMPANY (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Current assets:			
Monetary capital		24,018,692.47	5,323,235.69
Financial assets held for trading		—	—
Derivative financial assets		—	—
Notes receivable		—	—
Accounts receivable	11(1)	413,789,838.59	378,781,579.58
Receivables financing		—	—
Prepayments		419,011,276.68	313,392,298.27
Other receivables	11(2)	375,012,334.27	534,318,722.64
Including: Interest receivable		—	—
Dividends receivable		—	—
Financial assets purchased under resale agreements		—	—
Inventories		3,836,658.20	1,408,129.03
Including: Data resources		—	—
Contract assets		187,644.00	—
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets		406,651.63	5,392,817.33
Total current assets		1,236,263,095.84	1,238,616,782.54
Non-current assets:			
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments	11(3)	132,889,635.00	118,117,035.00
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets		1,408,741.69	1,495,390.54
Construction in progress		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		5,050,338.97	6,733,785.25
Intangible assets		—	—

BALANCE SHEET OF THE PARENT COMPANY (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Including: Data resources			
Development expenses		–	–
Including: Data resources			
Goodwill		–	–
Long-term deferred expenses		563,608.85	751,478.51
Deferred tax assets		8,640,614.27	8,984,085.95
Other non-current assets			187,644.00
Total non-current assets		148,552,938.78	136,269,419.25
Total assets		1,384,816,034.62	1,374,886,201.79
Current liabilities:			
Short-term borrowings		172,668,447.38	214,254,541.68
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Notes payable		–	–
Accounts payable		35,332,391.98	31,901,153.80
Advances received		–	–
Contract liabilities		50,979,344.75	22,737,615.27
Financial assets sold under repurchase agreements		–	–
Staff remuneration payables		1,183,795.40	2,232,750.98
Taxes payable		4,836,851.31	4,660,153.38
Other payables		165,997,400.22	154,093,141.80
Including: Interest payable		–	–
Dividends payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		4,292,248.18	5,009,848.65
Other current liabilities		3,346,168.39	1,364,260.86
Total current liabilities		438,636,647.61	436,253,466.42

BALANCE SHEET OF THE PARENT COMPANY (UNAUDITED)

Item	Note	June 30, 2025	December 31, 2024
Non-current liabilities:			
Long-term borrowings		10,000,000.00	10,000,000.00
Bonds payable		-	-
Including: Preference shares		-	-
Perpetual bonds		-	-
Lease liabilities		798,619.52	3,164,838.11
Long-term payables		-	-
Long-term employee compensation payable		-	-
Accrued liabilities		506,939.84	506,939.84
Deferred income		-	-
Deferred tax liabilities		-	-
Other non-current liabilities		-	-
Total non-current liabilities		<u>11,305,559.36</u>	<u>13,671,777.95</u>
Total liabilities		<u>449,942,206.97</u>	<u>449,925,244.37</u>
Owners' equity			
Share capital		91,314,291.00	91,314,291.00
Other equity instruments		-	-
Including: Preference shares		-	-
Perpetual bonds		-	-
Capital reserve		259,423,719.45	259,423,719.45
Less: Treasury shares		-	-
Other comprehensive income		-4,250,000.00	-4,250,000.00
Special reserves		-	-
Surplus reserve		61,965,946.30	61,965,946.30
General risk reserves		-	-
Undistributed profit		<u>526,419,870.90</u>	<u>516,507,000.67</u>
Total owners' equity		<u>934,873,827.65</u>	<u>924,960,957.42</u>
Total liabilities and owners' equity		<u><u>1,384,816,034.62</u></u>	<u><u>1,374,886,201.79</u></u>

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
I. Total revenue from operations	4(31)	274,025,561.63	378,223,770.82
Less: Operating costs	4(31)	214,404,093.00	294,798,774.22
Taxes and other levies	4(32)	594,052.98	494,989.23
Selling expenses	4(33)	7,293,573.03	10,045,192.95
Administrative expenses	4(34)	13,386,913.21	16,033,286.01
R&D expenses	4(35)	18,605,298.25	13,817,783.14
Finance expenses	4(36)	5,157,924.68	6,882,412.52
Including: Interest expenses		4,522,460.22	6,161,922.82
Interest income		-2,783.93	-45,877.70
Asset impairment loss	4(40)	—	2,061,720.52
Credit impairment loss	4(39)	-11,875,439.55	12,018,153.55
Add: Other income	4(37)	3,527,537.34	53,621.72
Gain from investment (loss is represented by “-”)	4(38)	—	-21,620.97
Including: Investment revenue in associates and joint ventures		—	—
Gains from net exposure to hedging (loss is represented by “-”)		—	—
Gains on changes in fair value (loss is represented by “-”)		—	—
Gains from disposal of assets (loss is represented by “-”)	4(41)	38,002.50	-143,685.14
II. Profit from operations (loss is represented by “-”)		30,024,685.87	21,959,774.29
Add: Non-operating income	4(42)	—	100,678.66
Less: Non-operating expenses	4(43)	116,927.20	39,165.72
III. Total profit (total loss is represented by “-”)		29,907,758.67	22,021,287.23
Less: Income tax expenses	4(44)	4,416,187.41	-2,854,897.51
IV. Net profit (net loss is represented by “-”)		25,491,571.26	24,876,184.74
Net profits attributable to owners of the parent company		25,618,530.27	25,463,321.84
Profit or loss attributable to minority shareholders		-126,959.01	-587,137.10

INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

Unit: Yuan

Item	Note	From January to June 2025	From January to June 2024
I. Total revenue from operations	11(4)	220,393,287.94	137,145,243.45
Less: Operating costs	11(4)	183,509,313.85	116,775,934.81
Taxes and other levies		324,140.22	272,543.39
Selling expenses		2,703,303.60	2,084,034.24
Administrative expenses		8,526,340.75	8,725,698.15
R&D expenses		14,976,582.73	7,742,096.13
Finance expenses		3,966,927.85	6,606,338.76
Including: Interest expenses		3,410,257.32	5,951,775.89
Interest income		-1,063.80	-29,351.77
Add: Other income		3,026,329.71	—
Gain from investment (loss is represented by “-”)		—	—
Including: Investment revenue in associates and joint ventures		—	—
Derecognition income of financial asset measured at the amortized cost (loss is represented by “-”)		—	—
Exchange gains (loss is represented by “-”)		—	—
Gains from net exposure to hedging (loss is represented by “-”)		—	—
Gain on changes in fair value (loss is represented by “-”)		—	—
Credit impairment losses (loss is represented by “-”)		843,333.26	4,026,693.66
Asset impairment losses (loss is represented by “-”)		—	—
Gains from disposal of assets (loss is represented by “-”)		—	—

INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
II. Profit from operations (loss is represented by “-”)		10,256,341.91	-1,034,708.37
Add: Non-operating income		-	55,637.66
Less: Non-operating expenses		-	8,073.58
III. Total profit (total loss is represented by “-”)		10,256,341.91	-987,144.29
Less: Income tax expenses		343,471.68	434,120.32
IV. Net profit (net loss is represented by “-”)		9,912,870.23	-1,421,264.61
(1) Net profit from continuing operations (net loss is represented by “-”)		9,912,870.23	-1,421,264.61
(2) Net profit from discontinuing operations (net loss is represented by “-”)		-	-
V. Net after-tax amount of other comprehensive income			
(1) Other comprehensive income that cannot be reclassified into profit or loss		-	-
1. Changes arising from remeasurement of the defined benefit plan		-	-
2. Other comprehensive income that cannot be converted to profit or loss under the equity method		-	-
3. Changes in fair value of other equity instrument investments		-	-
4. Changes in fair value of the enterprise’s credit risk		-	-
5. Others		-	-

INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
(2) Other comprehensive income that will be reclassified into profit or loss		-	-
1. Other comprehensive income that can be converted to profit or loss under the equity method		-	-
2. Changes in fair value of other debt investment		-	-
3. Amount of financial assets reclassified into other comprehensive income		-	-
4. Provision for impairment of credit in other debt investments		-	-
5. Reserves for cash flow hedge		-	-
6. Translation difference of foreign currency financial statements		-	-
7. Others		-	-
VI. Total comprehensive income		9,912,870.23	-1,421,264.61
VII. Earnings per share:			
(1) Basic earnings per share (RMB/ share)		0.28	0.28
(2) Diluted earnings per share (RMB/ share)		0.25	0.28

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		981,127,703.35	763,864,959.14
Refund of taxes and levies		45,387.38	53,829.99
Other cash received relating to operating activities		79,091,844.16	5,502,819.68
Subtotal of cash inflows of operating activities		<u>1,060,264,934.89</u>	<u>769,421,608.81</u>
Cash paid for goods purchased and services received		898,341,538.79	787,906,952.80
Cash paid to or on behalf of employees		22,357,035.24	26,883,591.08
Taxes and levies paid		2,329,223.14	2,341,805.84
Other cash paid relating to operating activities		63,455,437.43	11,437,644.22
Subtotal of cash outflows from operating activities		<u>986,483,234.60</u>	<u>828,569,993.94</u>
Net cash flows from operating activities		<u><u>73,781,700.29</u></u>	<u><u>-59,148,385.13</u></u>
II. Cash flows from investing activities:			
Cash received from disposal of investments		—	—
Cash from investment income		—	—
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets		—	—
Net cash received from disposal of subsidiaries and other operating entities		—	—
Other cash received relating to operating activities		—	—
Subtotal of cash inflows from investing activities		<u>—</u>	<u>—</u>
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		4,553.99	118,597.86
Cash paid for investments		—	—
Net cash paid to acquire subsidiaries and other operating entities		—	—
Other cash paid relating to operating activities		—	—
Subtotal of cash outflows from investing activities		<u>4,553.99</u>	<u>118,597.86</u>
Net cash flows from investing activities		<u><u>-4,553.99</u></u>	<u><u>-118,597.86</u></u>

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
III. Cash flows from financing activities:			
Cash received from capital injection		—	—
Cash received from debts		179,000,000.00	180,399,888.89
Other cash received relating to financing activities		200,000.00	—
Subtotal of cash inflows from financing activities		<u>179,200,000.00</u>	<u>180,399,888.89</u>
Cash paid for repayment of borrowings		177,000,000.00	124,450,000.00
Cash paid for distribution of dividends, profits or payment of interest expenses		4,479,585.07	5,044,968.29
Cash paid relating to other financing activities		2,229,966.48	2,369,693.82
Subtotal of cash outflows from financing activities		<u>183,709,551.55</u>	<u>131,864,662.11</u>
Net cash flows from financing activities		<u>-4,509,551.55</u>	<u>48,535,226.78</u>
IV. Effect on cash and cash equivalent from change of exchange rate		<u>—</u>	<u>—</u>
V. Net increase in cash and cash equivalents		69,267,594.75	-10,731,756.21
Add: Balance of cash and cash equivalents as at the beginning of the period		<u>7,286,014.49</u>	<u>76,698,928.29</u>
VI. Balance of cash and cash equivalents as at the end of the period		<u>76,553,609.24</u>	<u>65,967,172.08</u>

CASH FLOW STATEMENT OF THE PARENT COMPANY (UNAUDITED)

Unit: Yuan

Item	Note	From January to June 2025	From January to June 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		505,829,290.96	563,617,564.40
Refund of taxes and levies			
Other cash received relating to operating activities		284,509,703.32	132,800,400.22
Subtotal of cash inflows of operating activities		790,338,994.28	696,417,964.62
Cash paid for goods purchased and services received		573,885,694.55	279,634,248.54
Cash paid to or on behalf of employees		9,323,710.12	10,649,424.03
Taxes and levies paid		1,180,015.28	1,920,276.26
Other cash paid relating to operating activities		110,612,154.03	420,932,511.72
Subtotal of cash outflows from operating activities		695,001,573.98	713,136,460.55
Net cash flows from operating activities		95,337,420.30	-16,718,495.93
II. Cash flows from investing activities:			
Cash received from disposal of investments		—	—
Cash from investment income		—	—
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets		—	—
Net cash received from disposal of subsidiaries and other operating entities		—	—
Other cash received relating to investing activities		—	—
Subtotal of cash inflows from investing activities		—	—
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		—	118,597.86

CASH FLOW STATEMENT OF THE PARENT COMPANY (UNAUDITED)

Item	Note	From January to June 2025	From January to June 2024
Cash paid for investments		14,772,600.00	4,631,000.00
Net cash paid to acquire subsidiaries and other operating entities		—	—
Other cash paid relating to investing activities		—	—
Subtotal of cash outflows from investing activities		14,772,600.00	4,749,597.86
Net cash flows from investing activities		-14,772,600.00	-4,749,597.86
III. Cash flows from financing activities:			
Cash received from capital injection		—	—
Cash received from debts		114,500,000.00	135,500,000.00
Cash received from issue of bonds		—	—
Other cash received relating to financing activities		—	—
Subtotal of cash inflows from financing activities		114,500,000.00	135,500,000.00
Cash paid for repayment of borrowings		171,000,000.00	124,450,000.00
Cash paid for distribution of dividends, profits or payment of interest expenses		3,351,351.58	4,908,879.17
Cash paid relating to other financing activities		2,018,011.94	1,759,706.40
Subtotal of cash outflows from financing activities		176,369,363.52	131,118,585.57
Net cash flows from financing activities		-61,869,363.52	4,381,414.43
IV. Effect on cash and cash equivalent from change of exchange rate			
		—	—
V. Net increase in cash and cash equivalents		18,695,456.78	-17,086,679.36
Add: Balance of cash and cash equivalents as at the beginning of the period		5,323,235.69	47,174,911.33
VI. Balance of cash and cash equivalents as at the end of the Period		24,018,692.47	30,088,231.97

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

Item	Amount for the year										
	Equity attributable to shareholders of the parent company										
	Paid-up capital (or share capital)	Other equity instruments	Capital reserves	Less: Treasury shares	Other consolidated income	Surplus reserves	General risk reserve	Unallocated profits	Others	Minority shareholders' equity	Total Shareholders' equity
I. Balance at the end of last year	91,314,291.00	—	258,907,051.85	—	-4,250,000.00	61,965,946.30	—	433,004,620.45	—	-1,005,805.80	839,856,103.80
Add: Change in accounting policy	—	—	—	—	—	—	—	—	—	—	—
Correction of errors in prior period	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	91,314,291.00	—	258,907,051.85	—	-4,250,000.00	61,965,946.30	—	433,004,620.45	—	-1,005,805.80	839,856,103.80
III. Increase/decrease in amount during the year (decrease is indicated by "-")	—	—	—	—	—	—	—	—	—	—	—
(I) Total consolidated income	—	—	—	—	—	—	—	25,618,530.27	—	-126,959.01	25,491,571.26
(II) Capital contributions and reductions by owner	—	—	—	—	—	—	—	25,618,530.27	—	-126,959.01	25,491,571.26
1. Ordinary shares contributed by owner	—	—	—	—	—	—	—	—	—	—	—
2. Contributed capital from holders of other equity instruments	—	—	—	—	—	—	—	—	—	—	—
3. Share-based payments included in owners' equity	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—	—
(III) Profit allocation	—	—	—	—	—	—	—	—	—	—	—
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	—	—	—	—
2. Allocation to owner (or shareholders)	—	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—	—

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

Item	Amount for the year											
	Equity attributable to shareholders of the parent company											Total Shareholders' equity
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments	Capital reserves	Less: Treasury shares	Other consolidated income	Surplus reserves	General risk reserve	Unallocated profits	Others	Minority shareholders' equity	
			Perpetual bonds	Others								
(IV) Internal equity structure of owner	—	—	—	—	—	—	—	—	—	—	—	—
1. Increase capital (or share capital) from capital reserve	—	—	—	—	—	—	—	—	—	—	—	—
2. Increase capital (or share capital) from surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—
3. Surplus reserve to offset losses	—	—	—	—	—	—	—	—	—	—	—	—
4. Changes in defined benefit plans carried forward to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
5. Other comprehensive income carried forward to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	91,314,291.00	—	—	—	—	-4,250,000.00	61,965,946.30	—	458,623,150.72	—	-1,212,764.81	865,347,675.06

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (UNAUDITED)

[illegible]

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (UNAUDITED)

Items	Amount for the year										
	Equity attributable to shareholders of the parent company										Total shareholders' equity
	Paid-up capital (or share capital)	Preferred shares	Other equity instruments	Capital reserves	Treasury shares	Less: consolidated income	Surplus reserves	General risk reserve	Unallocated profits	Others	Minority shareholders' equity
		Perpetual bonds	Others								
1. Increase capital (or share capital) from capital reserve	—	—	—	—	—	—	—	—	—	—	—
2. Increase capital (or share capital) from surplus reserve	—	—	—	—	—	—	—	—	—	—	—
3. Surplus reserve to offset losses	—	—	—	—	—	—	—	—	—	—	—
4. Changes in defined benefit plans carried forward to retained earnings	—	—	—	—	—	—	—	—	—	—	—
5. Other comprehensive income carried forward to retained earnings	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	91,314,281.00	—	—	259,423,719.45	—	-4,250,000.00	61,965,946.30	—	526,419,870.30	—	934,873,827.65

NOTES TO THE FINANCIAL STATEMENTS

I. BASIC INFORMATION OF THE COMPANY

(1) Company Profile

1. Company Name: Beijing Xunzhong Communication Technology Co., Ltd. (herein after referred to as the “Company”, together with subsidiaries, collectively referred to as the “Group”)
2. Date of Incorporation: November 20, 2008
3. Registered Capital: RENMINBI ONE HUNDRED TWENTY-ONE MILLION SEVEN HUNDRED FIFTY-FOUR THOUSAND TWO HUNDRED NINETY-ONE YUAN (RMB121,754,291)
4. Residence: Room 1101, 11/F, Block B Future Land Center, Building 2, Yard 10, Jiuxianqiao Road B, Jiangtaixiang, Chaoyang District, Beijing, PRC.
5. Legal Representative: Piao Shenggen
6. H Shares issued by the Company listed on the Main Board of the Stock Exchange on July 9, 2025
7. Business Scope: technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; corporate management consulting; public utility management services; conference and exhibition services; market research (excluding foreign-related research); advertisement production; advertisement publication; advertisement design and agency services; retail of computer hardware, software and ancillary equipment; non-residential real estate leasing; social and economic advisory services; labor services (excluding labor dispatch); cloud-based business outsourcing services; sales of electronic products; information system operation and maintenance services (except for the projects subject to approval according to law, the Company may carry out business activities independently with its business license in accordance with the law); type II value-added telecommunications services. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant authorities), and specific operating project shall be subject to approval document or permit issued by relevant departments) (operating activities prohibited and restricted by the industrial policies of the People’s Republic of China and Beijing Municipality shall not be engaged).
8. Company registration number/unified social credit code: 91110108682884121J

(2) Nature of Industry

The Group operates in the software and information technology services industry.

(3) Principal Business

The Group is principally engaged in providing integrated cloud-based communication services and solutions to customers. The Group primarily offers three types of solutions: cloud-based communications services, smart communication solutions, and other communications solutions and accessories. Our solutions are dedicated to making communication easier with cloud-based communications services being accessible online through our platforms. Our solutions have been widely applied across various industries, such as internet services and software information services.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Group have been prepared on a going concern basis in accordance with the actual transactions and events, the CASBE and the accounting policies and accounting estimates applicable to the Group. In addition, certain notes in the financial statements have been prepared in accordance with the requirements of the Companies Ordinance, which also comply with the applicable disclosure requirements under the Listing Rules.

2.2 Changes in significant accounting policies and accounting estimates

- (1) Changes in significant accounting policies: Nil.
- (2) Changes in significant accounting estimates: Nil.

III. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Directors (being the chief operating decision maker) for their decisions about resources allocation to the Group's business components and for their review of these components' performance.

During the period, the Group is principally engaged in providing integrated cloud-based communication services and solutions to customers. Information reported to the Directors for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the chief operating decision maker of the Company regards that there is only one operating segment which is used to make strategic decisions. No other discrete financial information is provided other than the Group's results and financial position as a whole.

IV. NOTES TO THE FINANCIAL STATEMENTS

1. Monetary Capital

Items	Closing balance	Opening balance
Cash on hand	–	109,150.00
Deposits with banks	76,551,581.67	7,175,837.11
Other monetary funds	2,027.57	1,027.38
Total	76,553,609.24	7,286,014.49
Including: Total amount deposited abroad	–	–

2. Accounts receivables

1. Disclosure of accounts receivables by age

Aging	Closing balance	Opening balance
Within 1 year	674,109,240.66	865,520,575.27
1 to 2 years	50,250,753.43	58,394,591.09
2 to 3 years	4,465,638.28	9,602,586.66
3 to 4 years	3,581,439.66	3,031,532.66
4 to 5 years	4,504,577.30	5,179,458.83
Over 5 years	7,958,337.26	7,657,470.41
Subtotal	744,869,986.59	949,386,214.92
Less: Provision for bad debts	56,563,816.89	68,439,806.61
Total	688,306,169.70	880,946,408.31

Note: The aging of accounts receivable is shown by aging based on the recording date.

2. Classified disclosure by bad debt provision accrual method

	Closing balance				
	Book balance		Bad-debt provision		Book value
				Withdrawal	
Type	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on an individual basis	13,822,728.12	1.86%	13,822,728.12	100.00%	0.00
Provision for bad debts on a portfolio basis	731,047,258.47	98.14%	42,741,088.77	5.85%	688,306,169.70
Including: Aging portfolio	731,047,258.47	98.14%	42,741,088.77	5.85%	688,306,169.70
Total	744,869,986.59	100.00%	56,563,816.89	7.59%	688,306,169.70

	Opening balance				
	Book balance		Bad-debt provision		Book value
				Withdrawal	
Type	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on an individual basis	14,217,533.58	1.50	14,217,533.58	100.00	0.00
Provision for bad debts on a portfolio basis	935,168,681.34	98.50	54,222,273.03	5.80	880,946,408.31
Including: Aging portfolio	935,168,681.34	98.50	54,222,273.03	5.80	880,946,408.31
Total	949,386,214.92	100.00	68,439,806.61	—	880,946,408.31

Provision for bad debts on a portfolio basis

(1) Aging portfolio

Aging	Closing balance		
	Book balance	Bad-debt provision	Withdrawal Percentage (%)
Within 1 year	674,081,503.60	33,704,075.18	5
1 to 2 years	49,621,180.38	4,962,118.04	10
2 to 3 years	2,480,091.00	496,018.20	20
3 to 4 years	1,631,304.45	489,391.34	30
4 to 5 years	287,386.07	143,693.04	50
Over 5 years	2,945,792.97	2,945,792.97	100
Total	731,047,258.47	42,741,088.77	

3. Provision for bad debts accrued, recovered or reversed in the current period

Type	Change in the current period					Closing balance
	Opening balance	Provision	Recovery or Reversal	Write-off	Other changes	
Provision for bad debts on an individual basis	14,217,533.58	15,059.96	409,865.42	—	—	13,822,728.12
Provision for bad debts on a portfolio basis	54,222,273.03	-11,481,184.26	—	—	—	42,741,088.77
Including: Aging portfolio	54,222,273.03	-11,481,184.26	—	—	—	42,741,088.77
Total	68,439,806.61	-11,466,124.30	409,865.42	0.00	0.00	56,563,816.89

4. Actual accounts receivable written off in the current period

Item	Amount for write-off
Actual accounts receivable written off	0

5. Top five accounts receivable and contract assets in terms of closing balance collected by the debtor

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balances of accounts receivable and contract assets	Proportion to total amount of closing balance of accounts receivable and contract assets (%)	Balance of provision for bad debts of accounts receivable and impairment of contract assets
Aggregate amount of the closing balance of the top five accounts receivable and contract assets	161,840,045.16	—	161,840,045.16	21.73%	8,092,002.26

6. No accounts receivable derecognised due to transfer of financial assets in the current period

7. No assets and liabilities arising from transfer of accounts receivables and continuous involvement in the current period

3. Prepayments

1. Presentation of prepayments by aging

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	678,735,856.62	97.15	506,023,585.12	97.04
1-2 years	12,623,239.38	1.81	8,699,410.40	1.67
2-3 years	3,913,191.27	0.56	4,169,683.73	0.8
Over 3 years	3,351,083.75	0.48	2,580,620.77	0.49
Subtotal	698,623,371.02	100.00	521,473,300.02	100
Less: Provision for bad debts	314,848.30		314,848.30	
Total	698,308,522.72		521,158,451.72	

2. Top five prepayments in terms of their closing balance presented by the payee

Entity name	Proportion in total	
	Closing Balance	prepayments (%)
Aggregate amount of the closing balance of the top five prepayments	271,044,302.72	38.80%

4. Other receivables

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	1,200,590.21	55,985,143.54
1-2 years	56,132,203.94	2,139,658.08
2-3 years	1,204,258.49	958,895.30
3-4 years	940,920.00	852,335.00
4-5 years	316,415.00	303,833.74
Over 5 years	1,096,481.71	1,095,647.97
Subtotal	60,890,869.35	61,335,513.63
Less: Provision for bad debts	23,983,091.18	23,982,541.01
Total	36,907,778.17	37,352,972.62

2. Classification by nature of payment

Nature of payment	Closing balance	Opening balance
Deposit and security deposit	5,984,093.32	6,496,751.82
Petty cash and employee borrowing	38,300.00	8,300.00
Current accounts	54,380,000.00	54,380,000.00
Others	488,476.03	450,461.81
Subtotal	60,890,869.35	61,335,513.63
Less: Provision for bad debts	23,983,091.18	23,982,541.01
Total	36,907,778.17	37,352,972.62

3. Disclosure under the methods of provision for bad debts by category

Type	Closing balance				Book Value
	Book balance		Provision for bad debts		
	Percentage		Withdrawal		
	Amount	(%)	Amount	percentage (%)	
Provision for bad debts on an individual basis	54,609,284.14	89.68	22,161,284.14	92.40	32,448,000.00
Provision for bad debts on a portfolio basis	6,281,585.21	10.32	1,821,807.04	7.60	4,459,778.17
Including: Aging portfolio	6,281,585.21	10.32	1,821,807.04	7.60	4,459,778.17
Total	60,890,869.35	100.00	23,983,091.18	100.00	36,907,778.17

Continued:

Type	Opening balance				Book Value
	Book balance		Provision for bad debts		
		Percentage		Withdrawal	
	Amount	(%)	Amount	percentage (%)	
Provision for bad debts on an individual basis	54,611,966.65	89.04	22,163,966.65	40.58	32,448,000.00
Provision for bad debts on a portfolio basis	6,723,546.98	10.96	1,818,574.36	27.05	4,904,972.62
Including: Aging portfolio	<u>6,723,546.98</u>	<u>10.96</u>	<u>1,818,574.36</u>	<u>27.05</u>	<u>4,904,972.62</u>
Total	61,335,513.63	100	23,982,541.01	—	37,352,972.62

Provision for bad debts on a portfolio basis

(1) Aging portfolio

Aging	Closing balance		
	Book balance	Provision for bad debts	Withdrawal Percentage (%)
Within 1 year	1,188,666.82	59,433.35	5
1-2 years	2,025,739.90	202,573.99	10
2-3 years	1,160,918.49	232,183.70	20
3-4 years	640,920.00	192,276.00	30
4-5 years	260,000.00	130,000.00	50
Over 5 years	1,005,340.00	1,005,340.00	100
Total	6,281,585.21	1,821,807.04	

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The provision for bad debts made according to the general model of expected credit losses:

	First stage Expected credit loss for the next 12 months	Second stage Expected credit loss during the entire duration (without credit impairment)	Third stage Expected credit loss during the entire duration (with credit impairment)	Total
Provision for bad debts				
Opening balance	1,818,574.36	-	22,163,966.65	23,982,541.01
Opening balance in the current period	-	-	-	-
- Transfer to the second stage	-	-	-	-
- Transfer to the third stage	-	-	-	-
- Reversal to the second stage	-	-	-	-
- Reversal to the first stage	-	-	-	-
Provision in the current period	3,232.68	-	-	3,232.68
Reversal in the current period	-	-	2,682.51	2,682.51
Charge-off in the current period	-	-	-	-
Write-off in the current period	-	-	-	-
Other changes	-	-	-	-
Closing balance	1,821,807.04	-	22,161,284.14	23,983,091.18

4. *Provision for bad debts accrued, recovered or reversed in the current period*

Type	Opening balance	Provision	Change in the current period Recovery or Reversal	Resale or write-off	Other changes	Closing balance
Provision for bad debts on an individual basis	22,163,966.65	-	2,682.51	-	-	22,161,284.14
Provision for bad debts on a portfolio basis	1,818,574.36	3,232.68	-	-	-	1,821,807.04
Including: Aging portfolio	1,818,574.36	3,232.68	-	-	-	1,821,807.04
Total	23,982,541.01	3,232.68	2,682.51	0.00	0.00	23,983,091.18

5. Top five other receivables in terms of closing balance collected by the debtor

Entity name	Closing balance	Proportion in the closing balance of other receivables (%)
Beijing Yunxi Technology Co. Ltd. (北京雲汐科技有限公司)	54,080,000.00	60.61%
Fushi Investment Management (Beijing) Co., Ltd. (福石投資管理(北京)有限公司)	1,519,651.80	2.50%
Deyang City Intelligence Centre Information Technology Co., Ltd.(德陽城市智慧之心信息技術有限公司)	563,918.30	0.93%
China United Network Communications Corporation Limited Jiangsu Branch (中國聯合網絡通信有限公司江蘇省分公司)	460,000.00	0.76%
China United Network Communications Corporation Limited Chongqing Branch (中國聯合網絡通信有限公司重慶市分公司)	300,000.00	0.49%
Aggregate amount of the closing balance of the top five other receivables	56,923,570.10	93.48%

- 6. No other receivables related to government grants during the current period**
- 7. No other receivables derecognised due to transfer of financial assets in the current period**
- 8. No assets and liabilities arising from the transfer of other receivables and their continuing involvement in the current period**

5. Inventories

1. Classification of inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation/provision for impairment of contract performance costs	Book value
Stock commodities	1,260,938.36	1,923.42	1,259,014.94	1,034,819.15	1,923.42	1,032,895.73
Contract performance costs	4,606,784.10	-	4,606,784.10	892,958.97	-	892,958.97
Total	5,867,702.48	1,923.42	5,865,799.04	1,927,778.12	1,923.42	1,925,854.70

2. Provision for inventory depreciation and provision for impairment of contract performance costs

Item	Opening balance	Increase in the current period		Decrease in the current period			Closing balance
		Provision	Others	Reversal	Write-off	Others	
Stock commodities	1,923.42	-	-	-	-	-	1,923.42
Contract performance costs	-	-	-	-	-	-	-
Total	1,923.42	-	-	-	-	-	1,923.42

6. Other current assets

Item	Closing balance	Opening balance
Pending certification input tax	0.00	3,434,341.32
Pending deductible input tax	3,668,983.91	5,820,067.95
Internal offset tax	728,131.55	179,405.27
Prepaid corporate income tax	410,098.09	5,688.21
Prepaid value added tax	612,823.33	25,446.51
Others	—	4,000.00
Total	5,420,036.88	9,468,949.26

7. Long-term equity investments

Investee	Increase/decrease in the current period					
	Opening balance	Provisions for impairment Opening balance	Additional investment	Reduced investment	Investment profit	
					or loss recognized under the equity method	Adjustment of other comprehensive income
Associate						
Liaoning Zhilian Xintong Internet Service Co., Ltd. (遼寧智聯信通互聯網服務有限公司)	705,231.21	705,231.21	—	—	—	—
Total	705,231.21	705,231.21	—	—	—	—

Continued:

Investee	Increase/decrease in the current period					Provisions for impairment Closing balance
	Changes in other equity	Cash dividends or profits declared and distributed			Provision for impairment	
		Others	Closing balance	Closing balance		
2. Associate						
Liaoning Zhilian Xintong Internet Service Co., Ltd. (遼寧智聯信通互聯網服務有限公司)						
	—	—	—	—	705,231.21	705,231.21
Total	—	—	—	—	705,231.21	705,231.21

8. Other equity instrument investments

1. Other equity instrument investments

Item	Increase/decrease in the current period						Closing balance
	Opening balance	Additional investment	Reduced investment	Gains	Losses	Others	
				included	included in		
				in other	other		
				comprehensive income in the current period	comprehensive income in the current period		
Shenzhen Zhiyu Technology Co., Ltd	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—

Continued:

Item	Dividend income recognised in the current period	Cumulative gains included in other comprehensive income	Cumulative losses included in other comprehensive income	Designated as the reason for measurement at fair value and its changes are included in other comprehensive income
Shenzhen Zhiyu Technology Co., Ltd	—	—	4,250,000.00	The proportion of shareholding is small and the Company does not have control or significant influence. Investments planned for long-term holding for strategic purposes
Total	—	—	4,250,000.00	

2. Non-trading equity instrument investment

Item	Designated as the reason for measurement at fair value and its changes are included in other comprehensive income	Dividend income recognised in the current period	Cumulative gains	Cumulative losses	The amount of other comprehensive income transferred into retained profit	Reasons for other comprehensive income transferred to retained profit
Shenzhen Zhiyu Technology Co., Ltd	The proportion of shareholding is small and the Company does not have control or significant influence. Investments planned for long-term holding for strategic purposes	—	—	4,250,000.00	—	—
Total		—	—	4,250,000.00	—	—

9. Fixed assets

1. Fixed asset

Item	Transport equipment	Office furniture	Electronic equipment	Total
I. Original carrying value				
1. Opening Balance	799,368.54	1,024,678.09	21,682,741.22	23,506,787.85
2. Increase in the current period	-	-	4,553.99	4,553.99
Purchase	-	-	4,553.99	4,553.99
3. Decrease in the current period	-	-	-	-
Disposal or scrapping	-	-	-	-
4. Closing balance	799,368.54	1,024,678.09	21,687,295.21	23,511,341.84
II. Accumulated depreciation				
1. Opening balance	632,823.37	702,073.34	19,694,350.86	21,029,247.57
2. Increase in the current period	75,938.4	56,342.8	185,843.75	318,124.95
Provisions in the current period	75,938.4	56,342.8	185,843.75	318,124.95
3. Decrease in the current period	-	-	-	-
Disposal or scrapping	-	-	-	-
4. Closing balance	708,761.77	758,416.14	19,880,194.61	21,347,372.52
III. Provision for impairment				
1. Opening balance	-	-	-	-
2. Increase in the current period	-	-	-	-
Provisions in the current period	-	-	-	-
3. Decrease in the current period	-	-	-	-
Disposal or scrapping	-	-	-	-
4. Closing balance	-	-	-	-
IV. Book value				
1. Book value at the end of the period	90,606.77	266,261.95	1,807,100.6	2,163,969.32
2. Book value at the beginning of the period	<u>166,545.17</u>	<u>314,147.71</u>	<u>1,996,847.40</u>	<u>2,477,540.28</u>

2. There were no temporarily-idle fixed assets at the end of the period

3. Fixed assets which have not obtained ownership certificates at the end of the period

10. Right-of-use assets

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance	13,526,193.53	13,526,193.53
2. Increase in the current period	0.00	0.00
Leases	0.00	0.00
Other increase	0.00	0.00
3. Decrease in the current period	1,139,173.66	1,139,173.66
Lease expiration	430,262.75	430,262.75
Other decrease	708,910.91	708,910.91
4. Closing balance	12,387,019.87	12,387,019.87
II. Accumulated depreciation	0.00	0.00
1. Opening balance	5,838,694.52	5,838,694.52
2. Increase in the current period	1,923,148.44	1,923,148.44
Provision in the current period	1,923,148.44	1,923,148.44
Other increase	0.00	0.00
3. Decrease in the current period	668,248.24	668,248.24
Lease expiration	122,932.20	122,932.20
Other decrease	545,316.04	545,316.04
4. Closing balance	7,093,594.72	7,093,594.72
III. Provision for impairment	0.00	0.00
1. Opening balance	0.00	0.00
2. Increase in the current period	0.00	0.00
Provision in the current period	0.00	0.00
Other increase	0.00	0.00
3. Decrease in the current period	0.00	0.00
Lease expiration	0.00	0.00
Other decrease	0.00	0.00
4. Closing balance	0.00	0.00
IV. Book value	0.00	0.00
1. Book value at the end of the period	5,293,425.15	5,293,425.15
2. Book value at the beginning of the period	<u>7,687,499.01</u>	<u>7,687,499.01</u>

11. Goodwill

1. Original book value of goodwill

Name of the investees or matters forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formation of business combination	Others	Disposal	Others	
Beijing Yunxun Science and Technology Co., Ltd.	61,460.29	-	-	-	-	61,460.29
Yingkou Huali Daxing Technology Co., Ltd.	5,913,354.70	-	-	-	-	5,913,354.70
Total	5,974,814.99	-	-	-	-	5,974,814.99

2. Impairment provision of goodwill

Name of the investees or matters forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Disposal	Others	
Beijing Yunxun Science and Technology Co., Ltd.	61,460.29	-	-	-	-	61,460.29
Yingkou Huali Daxing Technology Co., Ltd.	5,913,354.70	-	-	-	-	5,913,354.70
Total	5,974,814.99	-	-	-	-	5,974,814.99

3. Asset group or asset group portfolio the goodwill belongs to

The relevant asset group portfolio containing goodwill formed as a result of the Company's acquisition of the equity of Yingkou Huali Daxing Technology Co., Ltd. includes fixed assets, etc.

4. Goodwill impairment test process, key parameters and recognition method of impairment loss on goodwill

For the asset group to which the goodwill of Yingkou Huali Daxing Technology Co., Ltd. is located (hereinafter referred to as the Huali Daxing asset group), the Company adopts the method of the present value of estimated future cash flows to calculate the recoverable amount of the asset group.

12. Long-term deferred expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decreases	Closing balance
Decoration cost of houses	1,704,056.04	0.00	458,915.76	—	1,245,140.28
Total	<u>1,704,056.04</u>	<u>0.00</u>	<u>458,915.76</u>	<u>—</u>	<u>1,245,140.28</u>

13. Deferred tax assets and deferred tax liabilities

1. Deferred tax assets without offset

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	66,580,629.60	10,226,072.50	77,296,506.84	11,844,798.99
Changes in fair value of other equity instrument	5,000,000.00	750,000.00	5,000,000.00	750,000.00
Lease liabilities	5,369,773.98	834,275.48	9,176,127.40	1,477,584.01
Deductible loss	3,798,786.86	949,696.74	3,798,786.86	949,696.72
Estimated liabilities	<u>506,939.84</u>	<u>76,040.98</u>	<u>506,939.84</u>	<u>76,040.98</u>
Total	<u>81,256,130.28</u>	<u>12,836,085.69</u>	<u>95,778,360.94</u>	<u>15,098,120.70</u>

2. Deferred tax liabilities without offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	5,293,425.15	818,322.40	7,687,499.01	1,248,496.24
Total	<u>5,293,425.15</u>	<u>818,322.40</u>	<u>7,687,499.01</u>	<u>1,248,496.24</u>

3. Deferred tax assets or liabilities presented at net amount after the offsetting

Item	Offset of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	811,261.23	12,024,824.44
Deferred tax liabilities	811,261.23	7,061.17

4. Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Provision for asset impairment	14,281,126.77	15,489,523.50
Advertising Expenses	17,586.25	17,586.25
Deductible loss	161,019,940.86	118,853,590.89
Total	175,318,653.88	134,360,700.64

The subsidiaries of the Company include Beijing Zhongmai Communication Technology Co., Ltd., Beijing Jishihui Technology Co., Ltd., Shanghai Dingshu Information Technology Co., Ltd., Yingkou Huali Daxing Technology Co., Ltd., Zunyi Dike Data Consulting Co., Ltd., Jiangsu Shaoyan Information Technology Co., Ltd., Beijing Yuyu E-commerce Co., Ltd., Jiangsu Hongluo Network Technology Co., Ltd., Jiangsu Huashao Communication Technology Co., Ltd., Sichuan Xunzhong Communication Technology Co., Ltd., Jiangsu Xunzhong Communication Technology Co., Ltd., Hefei Xuntong Huizhong Information Technology Co., Ltd., Liaoning Xunzhong Communication Technology Service Co., Ltd., Xuzhou Xuntong Network Communication Technology Co., Ltd., Sichuan Xuntong Huizhong Smart City Technology Co., Ltd. continued to operate at loss and it is expected that the deductible losses cannot be recovered in the short term, and no deferred income tax assets have been recognized in respect of the temporary differences and deductible losses.

5. Deductible losses from unrecognized deferred tax assets will be expired in the following years

Year	Closing balance	Opening balance	Remark
Year 2024	—	—	
Year 2025	—	1,796,986.87	
Year 2026	—	3,280,889.48	
Year 2027	659,131.93	10,015,603.85	
Year 2028	13,862,963.52	28,697,423.31	
Year 2029	27,305,351.37	31,402,486.36	
Year 2030	25,429,883.26	15,831,360.10	
Year 2031	21,733,056.47	5,653,215.75	
Year 2032	30,774,225.33	6,337,459.78	
Year 2033	26,567,455.44	12,037,864.93	
Year 2034	18,486,660.40	3,800,300.46	
Total	164,818,727.72	118,853,590.89	

14. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract assets	-	-	-	234,555.00	46,911.00	187,644.00
Total	-	-	-	234,555.00	46,911.00	187,644.00

15. Short-term borrowings

Item	Closing balance	Opening balance
Guaranteed borrowings	247,000,000.00	255,000,000.00
Unexpired interest payable	189,695.27	292,974.25
Total	247,189,695.27	255,292,974.25

16. Accounts payable

1. Accounts payable presented by items

Item	Closing balance	Opening balance
Service fees payable for telecommunication resources	159,155,100.42	181,801,468.93
Service fees payable for research and development	27,619,524.20	18,546,684.33
Rental and property fees payable	3,633,828.35	1,155,779.95
Renovation work fees payable	17,247.25	17,247.25
Others	8,308,993.75	1,781,876.18
Total	198,734,693.97	203,303,056.64

2. Accounts payable by aging

Aging	Closing balance	Opening balance
Within 1 year	167,040,538.40	167,091,388.67
1-2 years	11,874,416.27	16,368,126.08
2-3 years	8,180,647.54	7,490,259.00
Over 3 years	11,639,091.76	12,353,282.89
Total	198,734,693.97	203,303,056.64

Note: The aging of accounts payable is shown by aging based on the recording date.

17. Contract liabilities

1. Contract liabilities

Item	Closing balance	Opening balance
Advance service fees	69,863,693.00	51,223,451.37
Total	69,863,693.00	51,223,451.37

18. Staff remuneration payables

1. Presentation of staff remuneration payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term remuneration	7,539,633.54	18,074,885.33	20,451,438.32	5,163,080.55
Post-employment benefits				
– defined contribution plans	225,738.97	1,289,833.83	1,335,649.79	179,923.01
Dismissal benefits	0.00	8,068.97	8,068.97	0.00
Other benefits due within one year	–	–	–	–
Total	<u>7,765,372.51</u>	<u>19,372,788.13</u>	<u>21,795,157.08</u>	<u>5,343,003.56</u>

2. Presentation of short-term remuneration

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Salaries, bonuses, allowances and subsidies	7,368,829.66	16,417,379.91	18,767,215.94	5,018,993.63
Staff welfare expenses	0.00	89,832.67	89,832.67	0.00
Social insurance premiums	150,722.19	789,397.29	809,093.96	131,025.52
Including: Basic medical insurance premiums	146,440.31	727,065.40	746,394.64	127,111.07
Supplementary medical insurance premiums	0.00	33,973.00	33,549.00	424.00
Work-related injury insurance premiums	4,281.88	23,615.61	24,407.04	3,490.45
Maternity insurance premiums	0.00	4,743.28	4,743.28	0.00
Housing provident fund	15,786.00	765,061.00	770,267.00	10,580.00
Union funds and employee education funds	4,295.69	13,214.46	15,028.75	2,481.40
Total	<u>7,539,633.54</u>	<u>18,074,885.33</u>	<u>20,451,438.32</u>	<u>5,163,080.55</u>

3. Presentation of defined contribution plans

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Basic endowment insurance	219,208.62	1,250,558.00	1,295,296.24	174,470.38
Unemployment insurance premium	6,530.35	39,275.83	40,353.55	5,452.63
Total	<u>225,738.97</u>	<u>1,289,833.83</u>	<u>1,335,649.79</u>	<u>179,923.01</u>

19. Taxes payable

Tax items	Closing balance	Opening balance
Value-added tax	574,426.26	129,580.16
Corporate income tax	7,763,083.73	5,463,278.09
Personal Income Tax	183,404.12	601,972.80
Urban maintenance and construction tax	1,241.53	3,959.11
Education surtax	1,265.13	14,666.24
Stamp duty	306,250.93	352,120.80
Others	16,204.88	31,341.90
Total	8,845,876.58	6,596,919.10

20. Other payables*1. Other payables presented by nature of payment*

Nature of payment	Closing balance	Opening balance
Margin and security deposit	231,020.00	231,020.00
Reimbursement payables	57,632.24	93,561.05
Current accounts	54,500,000.00	54,527,937.05
Loans	45,165,000.00	35,000,000.00
Others	421,829.03	277,349.29
Total	100,375,481.27	90,129,867.39

21. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	9,187.50	10,208.33
Lease liabilities due within one year	4,469,072.47	5,716,100.92
Total	4,478,259.97	5,726,309.25

22. Other current liabilities

Item	Closing balance	Opening balance
Output tax on contract liabilities	4,196,334.90	3,072,943.62
Others	6,487,482.86	7,111,050.64
Total	10,683,817.76	10,183,994.26

23. Long-term borrowings

Category of borrowing	Closing balance	Opening balance
Guaranteed borrowings	20,000,000.00	10,000,000.00
Unexpired interest payable	9,187.50	10,208.33
Less: Long-term borrowings due within one year	9,187.50	10,208.33
Total	20,000,000.00	10,000,000.00

24. Lease liabilities

Item	Closing balance	Opening balance
Within 1 year	4,632,560.22	6,109,672.62
1 to 2 years	911,493.37	3,403,729.07
2 to 3 years	—	—
Subtotal of total lease payments	5,544,053.59	9,513,401.69
Less: Unrecognized financing expenses	174,279.61	337,274.29
Subtotal present value of lease payments	5,369,773.98	9,176,127.40
Less: Lease liabilities due within one year	4,469,072.47	5,716,100.92
Total	900,701.51	3,460,026.48

25. Accrued liabilities

Item	Closing balance	Opening balance
Pending litigation	506,939.84	506,939.84
Total	<u>506,939.84</u>	<u>506,939.84</u>

26. Share capital

Item	Opening balance	Increase(+) or decrease(-) in the current period				Subtotal	Closing balance
		New shares issued	Share donation	Conversion of provident fund into shares	Others		
Total shares	91,314,291.00	—	—	—	—	—	<u>91,314,291.00</u>

27. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	258,907,051.85	—	—	258,907,051.85
Total	258,907,051.85	—	—	<u>258,907,051.85</u>

28. Other comprehensive income

Item	Amount in the current period										Closing balance
	Opening balance	Amount before income tax in the current period	Less: the amount included in other comprehensive income in prior period and transferred to current profit or loss	Less: financial assets included in other comprehensive income in prior period and transferred to the current period measured at amortized costs	Less: transfer of hedging reserve to assets or liabilities	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority Shareholders after tax	Less: changes in defined benefits plan	Less: income included in other comprehensive income in prior period and transferred to retained profit in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	-4,250,000.00	—	—	—	—	—	—	—	—	—	-4,250,000.00
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method	—	—	—	—	—	—	—	—	—	—	—
2. Changes in fair value of other equity instrument investments	-4,250,000.00	—	—	—	—	—	—	—	—	—	-4,250,000.00
II. Other comprehensive income reclassified into the profit or loss	—	—	—	—	—	—	—	—	—	—	—
Total other comprehensive income	-4,250,000.00	—	—	—	—	—	—	—	—	—	-4,250,000.00

29. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	61,965,946.30	-	-	61,965,946.30
Total	<u>61,965,946.30</u>	<u>-</u>	<u>-</u>	<u>61,965,946.30</u>

Explanation of surplus reserve:

According to the Company Law and the Articles of Association, the Company appropriated 10% of its net profit to the statutory surplus reserve at the end of the year.

30. Retained earnings

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	433,004,620.45	381,500,521.12
Total retained earnings adjustment at the beginning of the period (increase +, decrease -)	-	-
The adjusted retained earnings at the beginning of the period	433,004,620.45	381,500,521.12
Add: Net profit attributable to owners of the parent company for the period	25,618,530.27	25,463,321.84
Less: Appropriation to statutory surplus reserve	-	2,040,371.82
Appropriation to arbitrary surplus reserve	-	-
Appropriation to general risk reserve	-	-
Common stock dividends	-	-
Common stock dividends transferred to share capital	-	-
Add: Surplus reserve used to offset accumulated losses	-	-
Changes in defined benefit obligation transferred to retained earnings	-	-
Other comprehensive income transferred to retained earnings	-	-
Other internal transfer of owners' equity	-	-
Retained earnings at the end of the period	<u>458,623,150.72</u>	<u>433,004,620.45</u>

31. Total revenue from operations and total cost from operations

1. Total revenue from operations and total cost from operations

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	274,025,561.63	214,404,093.00	378,223,770.82	294,798,774.22
Total	<u>274,025,561.63</u>	<u>214,404,093.00</u>	<u>378,223,770.82</u>	<u>294,798,774.22</u>

2. Revenue arising from contracts

Contract classification	Amount in the current period	Amount in the previous period
I. Commodity type		
Cloud-based communications services	252,378,958.31	356,898,223.11
Smart communication solutions	13,807,365.29	5,499,188.25
Other communications solutions and accessories	<u>7,839,238.03</u>	<u>15,854,627.33</u>
Total	<u>274,025,561.63</u>	<u>378,223,770.82</u>

32. Taxes and other levies

Item	Amount in the current period	Amount in the previous period
Urban maintenance and construction tax	6,863.23	9,315.01
Education surcharge	10,097.00	3,992.14
Local education surtax	6,731.35	2,661.42
Stamp duty	530,348.00	463,450.75
Others	<u>40,013.40</u>	<u>15,569.91</u>
Total	<u>594,052.98</u>	<u>494,989.23</u>

33. Selling expenses

Item	Amount in the current period	Amount in the previous period
Staff remuneration	5,724,348.80	8,419,033.81
Depreciation and amortization	55,968.66	52,616.64
Travelling expenses	20,873.21	361,837.40
Rental and property fees	1,051,188.35	797,919.07
Business promotion expenses	345,864.00	246,114.66
Postage fee	31,444.54	60,329.22
Office costs	60,741.14	103,899.10
Others	3,144.33	3,443.05
Total	<u>7,293,573.03</u>	<u>10,045,192.95</u>

34. Administrative expenses

Item	Amount in the current period	Amount in the previous period
Staff remuneration	6,995,091.73	8,734,011.58
Consultant expenses	2,869,930.10	1,644,550.87
Business entertainment expenses	138,005.50	1,509,592.51
Depreciation and amortization	246,958.83	262,305.15
Repair cost	458,915.76	709,201.55
Office costs	261,541.26	493,680.90
Rental and property fees	1,961,829.46	1,224,081.90
Travelling expenses	54,882.87	385,872.03
Disability benefit	—	—
water and electricity fees	109,270.61	125,588.66
Training expenses	2,358.49	663,212.79
Postage fee	61,335.02	71,889.19
Recruitment fee	—	57,456.60
Low-value consumables	—	899.39
Others	226,793.58	150,942.89
Total	<u>13,386,913.21</u>	<u>16,033,286.01</u>

35. R&D expenses

Item	Amount in the current period	Amount in the previous period
Outsourced R&D expenses	12,430,267.92	4,345,042.48
Staff remuneration	5,536,644.39	8,294,596.41
Depreciation and amortization	15,197.46	28,183.83
Rental and property fees	113,682.59	208,867.21
Office costs	2,028.06	8,712.22
Right-of-use assets	507,477.83	932,380.99
Total	18,605,298.25	13,817,783.14

36. Finance expenses

Item	Amount in the current period	Amount in the previous period
Interest expenses	4,522,460.22	11,688,997.82
Less: interest income	2,783.93	58,443.03
Bank service fees	147,703.84	647,736.21
Others	490,544.55	598,742.69
Total	5,157,924.68	12,877,033.69

37. Other income**1. Details of other income**

Source of other income	Amount in the current period	Amount in the previous period
Government grants	3,455,000.00	0.00
Value-added tax input tax credit	0.00	0.00
Refund of service fee for individual income tax	72,537.34	53,621.72
Others	0.00	0.00
Total	3,527,537.34	53,621.72

2. Government grants included in other income

For details of the government grants of the Company, please refer to Note IX and government grants (II) government grants recognized in profit or loss for the period.

38. Investment income**1. Details of investment income**

Item	Amount in the current period	Amount in the previous period
Income from long-term equity investments accounted for by using the equity method	-	-21,620.97
Total	-	-21,620.97

39. Credit impairment loss

Item	Amount in the current period	Amount in the previous period
Loss from bad debts	-11,875,439.55	12,018,153.55
Total	-11,875,439.55	12,018,153.55

In the above table, loss is represented by “-” sign.

40. Asset impairment loss

Item	Amount in the current period	Amount in the previous period
Impairment loss on goodwill	-	-
Impairment loss on long-term equity investments	-	-705,231.21
Loss of bad debts from prepayments	-	-1,356,489.31
Impairment loss on contract assets	-	-
Inventories depreciation loss and impairment loss on contract performance costs	-	-
Total	-	-2,061,720.52

41. Gains from disposal of assets

Item	Amount in the current period	Amount in the previous period
Gains or losses on disposal of fixed assets	0.00	143,685.14
Changes in right-of-use assets	38,002.50	0.00
Total	38,002.50	143,685.14

42. Non-operating revenue

Item	Amount in the current period	Amount in the previous period
Government grants	0.00	45,041.00
Advanced Enterprise Award	0.00	0.00
Others	0.00	55,637.66
Total	0.00	100,678.66

43. Non-operating expense

Item	Amount in the current period	Amount in the previous period	Amount included in the current nonrecurring profit or loss
liquidated damages	116,405.62	—	116,405.62
Overdue fines	521.58	8,134.12	521.58
Losses from the damage and scrapping of non-current assets	—	—	—
Others	—	31,031.60	—
Total	116,927.20	39,165.72	116,927.20

44. Income tax expenses**1. List of income tax expenses**

Item	Amount in the current period	Amount in the previous period
Current income tax expense	2,584,326.24	621,291.79
Deferred income tax expense	1,831,861.17	-3,476,189.30
Total	4,416,187.41	-2,854,897.51

2. Accounting profit and income tax expenses adjustment process

Item	Amount in the current period
Total profits	29,907,758.67
Income tax expenses calculated at statutory/applicable tax rate	4,486,163.79
Influence of different tax rates applicable to subsidiaries	-331,531.58
Influence of adjustments to the income tax for the prior years	-381.33
Influence of non-taxable income	0.00
Impact of non-deductible costs, expenses and losses	0.00
Influence of deductible losses on the use of preliminarily unrecognized deferred tax assets in previous periods	1,831,861.17
Effect of deductible temporary differences or deductible losses from deferred tax assets unrecognized in the current period	776,673.53
Effect of changes in tax rates	0.00
Impact of pre-tax deduction on R&D expenses	-1,920,738.68
Make up for the losses of the previous years	-425,859.49
Income tax expenses	4,416,187.41

45. Notes to the statement of cash flows

1. Cash related to operating activities

(1) Other cash received relating to operating activities

Item	Amount in the current period	Amount in the previous period
Security deposit and reserve fund	1,130,083.10	2,143,628.32
Interest income	2,783.93	58,443.03
Subsidy income	3,455,000	3,663,719.64
Current accounts	74,503,977.13	5,450,125.06
Total	79,091,844.16	11,315,916.05

(2) Cash paid for other operating activities

Item	Amount in the current period	Amount in the previous period
Fees paid for the period	1,956,594.49	10,172,733.25
Security deposit and reserve fund	1,047,442.4	3,171,239.73
Current accounts	60,303,367.86	6,762,205.85
Handling fee	148,032.68	343,623.77
Total	63,455,437.43	20,449,802.60

2. Cash relating to financing activities

(1) Other cash received relating to financing activities

Item	Amount in the current period	Amount in the previous period
Guarantee deposit	—	—
Total	—	—

(2) Cash paid relating to other financing activities

Item	Amount in the current period	Amount in the previous period
Payment of rental for right-of-use assets	2,184,966.48	4,725,615.45
Guarantee deposit		
Guarantee fee	45,000	341,704.95
Total	2,229,966.48	5,067,320.40

(3) Changes in various liabilities arising from financing activities

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Long-term and short-term borrowings	265,292,974.25	179,000,000.00	1,599,938.68	177,857,091.88	836,938.28	267,198,882.77
Other payables	35,000,000.00	74,465,600.00	—	60,300,600.00	—	49,165,000.00
Non-current liabilities due within one year	5,726,309.25	—	4,469,072.47	—	5,726,309.25	4,469,072.47
Lease liabilities	3,460,026.48	—	153,571.01	2,171,966.48	540,929.50	900,701.51
Total	309,479,309.98	253,465,600.00	6,222,582.16	240,329,658.36	7,104,177.03	321,733,656.75

46. Supplementary information to the statement of cash flows

1. Supplementary information to the statement of cash flows

Item	Amount in the current period	Amount in the previous period
1. Net profit adjusted to cash flows of operating activities		
Net profit	25,491,571.26	24,876,184.74
Plus: losses from credit impairment	-11,875,439.55	12,018,153.55
Provision for asset impairment	-	2,061,720.52
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	318,124.95	293,413.76
Depreciation of right-of-use assets	1,254,900.20	2,404,847.84
Amortization of intangible assets	-	-
Amortization of long-term deferred expenses	458,915.76	553,237.42
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains is represented by "-" sign)	-38,002.5	143,685.14
Losses from write-off of fixed assets (gains is represented by "-" sign)	-	-
Losses from changes in fair value (gains is represented by "-" sign)	-	-
Finance expenses (gains is represented by "-" sign)	4,522,460.22	6,161,922.82
Loss from investment (gains is represented by "-" sign)	-	21,620.97
Decrease in deferred tax assets (increase is represented by "-" sign)	1,828,492.36	-2,552,812.99
Increase in deferred tax liabilities (decrease is represented by "-" sign)	3,368.81	-381,051.89
Decrease in contract assets (increase is represented by "-" sign)	-	-
Decrease in inventories (increase is represented by "-" sign)	-3,939,924.34	-1,361,296.27
Decrease in operating receivables (increase is represented by "-" sign)	36,133,257.23	-180,461,144.35
Increase in operating payables (decrease is represented by "-" sign)	19,623,975.89	68,499,836.46
Others	-	-
Net cash flows from operating activities	73,781,700.29	-67,721,682.28

NOTES TO THE FINANCIAL STATEMENTS

Item	Amount in the current period	Amount in the previous period
2. Material investment and financing activities not involving cash receipts and payments		
Transfer of debts into capital	-	-
Convertible corporate bonds due within one year	-	-
Newly added right-of-use assets in the current period	-	-
3. Net change in cash and cash equivalents		
Closing balance of cash	76,553,609.24	65,967,172.08
Less: Opening balance of cash	7,286,014.49	85,272,404.36
Plus: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase of cash and cash equivalents	69,267,594.75	-19,305,232.28

2. Total cash outflow related to leases

The total cash outflow related to leases in the current period was RMB2,171,966.48 (previous period: RMB4,805,923.11).

3. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	76,553,609.24	7,286,014.49
Including: Cash on hand	-	109,150.00
Unrestricted bank deposits	76,551,581.67	7,175,837.11
Other unrestricted monetary funds	2,027.57	1,027.38
II. Cash equivalents	-	-
Including: Bond investment due within three months	-	-
III. Closing balance of cash and cash equivalents	76,553,609.24	7,286,014.49
Including: Cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group	-	-

47. Leases

(I) Disclosure as a lessee

For details of the Company's right-of-use assets, lease liabilities and total cash outflow related to leases, please refer to Note 10, Note 25 and Note 46. The Company, as a lessee, recorded the following in profit or loss:

Item	Amount in the current period	Amount in the previous period
Interest on lease liability	153,571.01	281,971.44
Short-term lease expenses	1,093,235.99	21,783.45

Other information of the Company as a lessee is as follows:

1. Leasing activities

The leasing activities of the Company are mainly based on the leasing of properties for staff offices, research and development and other operating activities based on strategic development plans and sustainable growth needs. On the contract inception date, the Company assesses whether the contract is a lease or contains a lease. If a party to the contract transfers its right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease. In order to determine whether a contract transfers the right to control the use of an identified asset for a certain period of time, the Company assesses whether the customer in the contract is entitled to substantially all of the economic benefits and the right to direct the use of the identified asset during the period of use.

2. *Simplified approach to the short-term lease and lease of low-value assets*

A short-term lease of the Company is a lease that does not include a purchase option and the lease term does not exceed 12 months. Leases of low value assets refer to leases with a lower value when the individual leased asset is a brand new asset.

The Company does not recognize right-of-use assets and lease liabilities for short-term lease and leases of low value assets, and the relevant lease payments are included in the relevant asset costs or current profit or loss in each period of the lease term according to the straight-line method or other systematic and reasonable methods.

3. *Future potential cash outflows not included in the measurement of lease liabilities*

As of 30 June 2025, the Company had no potential future cash outflow that should be included but not included in the measurement of lease liabilities.

I. R&D EXPENDITURES

(I) Presentation by nature of expenses

Item	Amount in the current period	Amount in the previous period
Outsourced R&D expenses	12,430,267.92	4,345,042.48
Staff remuneration	5,536,644.39	8,294,596.41
Depreciation and amortization	15,197.46	28,183.83
Rental and property fees	621,160.42	1,141,248.20
Office costs	2,028.06	8,712.22
Total	18,605,298.25	13,817,783.14
Including: Research and development expenses	18,605,298.25	13,817,783.14
Capitalised R&D expenditure	—	—

II. CHANGES IN CONSOLIDATION SCOPE

During the Reporting Period, there was no change in the consolidation scope.

III. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Members of the enterprise group

Name of subsidiaries	Registered capital	Main place of business	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
					Direct	Indirect	
Beijing Yunxun Science and Technology Co., Ltd.	RMB10 million	Beijing	Beijing	technology service	100		Enterprise merger not under the common control
Beijing Zhongmai Communication Technology Co., Ltd.	RMB10 million	Beijing	Beijing	technology service	100		Establishment
Beijing Jishihui Technology Co., Ltd.	RMB20 million	Beijing	Beijing	technology service	100		Establishment
Shanghai Dingshu Information Technology Co., Ltd.	RMB10 million	Shanghai	Shanghai	technology service	100		Enterprise merger not under the common control
Yingkou Huali Daxing Technology Co., Ltd.	RMB10 million	Yingkou, Liaoning	Yingkou, Liaoning	technology service	70		Enterprise merger not under the common control
Beijing Yunyan Tianchuang Technology Co., Ltd.	RMB10 million	Beijing	Beijing	technology service	100		Enterprise merger not under the common control
Jiangsu Shaoyan Information Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	technology service	100		Enterprise merger not under the common control
Beijing Yuyu E-commerce Co., Ltd.	RMB10 million	Beijing	Beijing	technology service	100		Enterprise merger not under the common control
Jiangsu Hongluo Network Technology Co., Ltd.	RMB10 million	Taizhou, Jiangsu	Taizhou, Jiangsu	technology service	100		Enterprise merger not under the common control
Jiangsu Huashao Communication Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	technology service	100		Enterprise merger not under the common control
Shanghai Halouwei Information Technology Co., Ltd.	RMB10 million	Suzhou, Jiangsu	Suzhou, Jiangsu	technology service	100		Enterprise merger not under the common control
Sichuan Xunzhong Communication Technology Co., Ltd.	RMB10 million	Deyang, Sichuan	Deyang, Sichuan	technology service	100		Establishment
Zunyi Dike Data Consulting Co., Ltd.	RMB10 million	Zunyi, Guizhou	Zunyi, Guizhou	Economic and trade consulting	100		Establishment
Anhui Xunzhong Communication Technology Co., Ltd.	RMB10 million	Ma'anshan, Anhui	Ma'anshan, Anhui	technology service	100		Establishment
Liaoning Xunzhong Communication Technology Service Co., Ltd.	RMB10 million	Liaoyang, Liaoning	Liaoyang, Liaoning	technology service	100		Establishment
Xuzhou Xuntong Network Communication Technology Co., Ltd.	RMB10 million	Xuzhou, Jiangsu	Xuzhou, Jiangsu	technology service	61		Establishment

NOTES TO THE FINANCIAL STATEMENTS

Name of subsidiaries	Registered capital	Main place of business	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
					Direct	Indirect	
Hefei Xuntong Huizhong Information Technology Co., Ltd.	RMB10,404 thousand	Hefei, Anhui	Hefei, Anhui	technology service	80		Establishment
Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	RMB50 million	Chengdu, Sichuan	Chengdu, Sichuan	technology service	100		Establishment
Ma'anshan Lingxun Information Technology Co., Ltd. (馬鞍山靈訊信息科技有限公司)	RMB1 million	Ma'anshan, Anhui	Ma'anshan, Anhui	technology service		60	Establishment
Zunyi Xuntong Huizhong City Operation and Management Co., Ltd. (遵義訊通惠眾城市運營管理有限公司)	RMB10 million	Zunyi, Guizhou	Zunyi, Guizhou	technology service		90	Establishment
Beijing Xunzhong IOT Information Technology Co., Ltd.	RMB10 million	Beijing	Beijing	technology service	100		Establishment
Ningxia Xunzhong Intelligent Technology Co., Ltd.	RMB10 million	Guyuan, Ningxia Hui Autonomous Region	Guyuan, Ningxia Hui Autonomous Region	technology service	70		Establishment

2. Significant non-wholly owned subsidiaries

Name of subsidiaries	Percentage of shares held by minority shareholders (%)	Profit and loss	Dividends	Balance	Provision
		attributable to minority shareholders for the current period	declared to minority shareholders in the current period	of minority shareholders' equity at the end of the period	
Yingkou Huali Daxing Technology Co., Ltd.	30.00	-128,417.36	—	-853,526.46	

3. Main financial information of significant non-wholly owned subsidiaries

The main financial information of these subsidiaries is the amounts before offsetting between enterprises within the Company, but after adjustment by fair value on the combination date and unified accounting policy:

Item	Ending balance/ amount in the current period Yingkou Huali Daxing Technology Co., Ltd.
Current assets	6,533,483.93
Non-current assets	55,694.87
Total assets	6,589,178.85
Current assets	6,327,764.44
Non-current assets	—
Total liabilities	6,327,764.44
Total operating income	245,063.06
Net profit	-428,057.91
Total comprehensive income	-428,057.91
Cash flow from operating activities	13,007.99

Continued:

Item	Beginning balance/ amount in the previous period Yingkou Huali Daxing Technology Co., Ltd.
Current assets	6,836,712.83
Non-current assets	77,974.41
Total assets	6,914,687.24
Current assets	6,225,588.48
Non-current assets	—
Total liabilities	6,225,588.48
Total operating income	6,256,033.99
Net profit	-7,363,585.66
Total comprehensive income	-7,363,585.66
Cash flow from operating activities	155,280.13

(II) Interests in joint venture arrangements or associates

1. Summarized financial information of insignificant joint ventures and associates

Item	Ending balance/ amount in the current period	Beginning balance/amount in the previous period
Associates:		
Total carrying amount of investments	—	—
The total of the following in proportion to their shareholdings	—	—
Net profit	-55,018.44	-29,853.45
Other comprehensive income	—	—
Total comprehensive income	<u>-55,018.44</u>	<u>-29,853.45</u>

IV. GOVERNMENT SUBSIDIES

(I) Government grants recognised as receivables as at the end of the reporting period

As of June 30, 2025, the Company had no government grants that are recognised as receivables.

(II) Government grants included in profit or loss for the period

Subsidy item	Accounting subjects	Amount in the current period	Amount in the previous period	Related to assets/ related to income
Amortisation of deferred income	Other income	-	-	Related to assets
Subsidy for small and medium-sized enterprise development guidance fund (中小企業發展引導資金項目補貼)	Other income	-	2,700,000.00	Related to income
Subsidy from Chaoyangyuan Management Committee (朝陽園管理委員會補貼)	Other income	3,400,000.00	300,000.00	Related to income
Industrial policy support (產業政策扶持)	Other income	55,000.00	200,000.00	Related to income
Deyang Jingyang Hi-tech Industrial Park Subsidy (德陽旌陽高新技術產業園補貼)	Other income	-	160,000.00	Related to income
Subsidy from Development and Reform Commission of Yaohai District, Hefei City (合肥市瑶海区發展和改革委員會補貼款)	Other income	-	100,000.00	Related to income
Subsidy for entry into the Four Above standard (四上企業升規入統補貼)	Other income	-	-	Related to income
Subsidies for stabilizing and expanding posts	Other income	-	4,567.53	Related to income
Other	Other income	-	199,152.11	Related to income
Total		<u>3,455,000.00</u>	<u>3,663,719.64</u>	

V. DISCLOSURE OF RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The company's main financial instruments include monetary funds, equity investment, loans, receivables, payables, etc. It faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below.

The Board of Directors is responsible for planning and establishing the risk management structure of the Company, formulating the risk management policy and related guidelines of the Company and supervising the implementation of risk management measures. The Company has established risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly define specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to determine whether to update the risk management policy and system. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The internal audit department of the Company conducts regular audits on risk management controls and procedures, and reports the audit results to the audit committee of the Company. The Company diversifies financial instruments risks through appropriate diversification of investments and business portfolios, and reduces risks concentrated in a single industry, specific region or specific counterparty by formulating corresponding risk management policy.

(I) Various risks arising from financial instruments

1. Credit risk

Credit risk refers to the risk that the Company will incur financial losses due to the failure of the counterparty to fulfill its contractual obligations. The management has formulated appropriate credit policies and continuously monitors the exposure of these credit risks.

The Company has adopted a policy of only dealing with the creditworthy counterparties. In addition, the Company evaluates the credit qualifications of customers and sets corresponding credit periods based on the financial status of customers, the possibility of obtaining guarantees from third parties, credit records and other factors such as the current market conditions. The Company continuously monitors the balance and recovery of notes receivable and accounts receivable. For customers with poor credit records, the Company will use written reminders, shorten the credit period or cancel the credit period to ensure that the Company will not face significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have made adequate provision for expected credit losses.

The Company's other financial assets include monetary funds and other receivables. The credit risk of these financial assets arises from the default of the counterparty, and the maximum credit risk exposure is the book value of each financial asset in the balance sheet. The Company has not provided for any other guarantees which may expose the Company to credit risk.

The monetary funds held by the Company are primarily deposited in financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management considers these commercial banks to have high creditworthiness and sound asset conditions, with no significant credit risks, and thus no material losses are expected to arise from default of the counterparty. The Company's policy is to control the amount of deposits held with each well-known financial institution based on its market reputation, size of operation and financial background, so as to limit the amount of credit risk arising from any single financial institution.

As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rate for different aging periods based on historical data, and considers the current and future economic conditions to adjust the expected loss rate, such as the national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information.

As of June 30, 2025, the book balance of relevant assets and expected credit impairment losses are as follows:

Item	Book balance	Provisions for impairment
Accounts receivable	744,869,986.59	56,563,816.89
Other receivables	60,890,869.35	23,983,091.18
Total	805,760,855.94	80,546,908.07

Given the Company's accounts receivable risks are distributed among multiple partners and multiple customers, as of June 30, 2025, 21.72% (December 31, 2024: 19.72%) of the Company's accounts receivable were from the top five customers. The Company does not have significant concentration of credit risk.

The maximum credit risk the Company is exposed to is the book value of each financial asset in the balance sheet.

2. Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligations to settle by delivery of cash or other financial assets. The member enterprises under the Company are responsible for their own cash flows forecast. The financial department under the Company continuously monitors the short-term and long-term capital requirements of the Company at the company level based on the cash flow forecast results of each member enterprise to ensure that sufficient cash reserves are maintained; at the same time, it has continuously monitored whether the provisions of the borrowing agreement are met, and obtain commitments from major financial institutions to provide sufficient standby funds to meet the needs of short-term and long-term funding. In addition, the Company enters into a credit line facility agreement with its principal correspondent bank to support the Company's performance of its obligations in relation to commercial paper. As of June 30, 2025, the Company has obtained bank credit lines from a number of domestic banks amounting to RMB361 million, of which, credit amount utilised was RMB265 million.

As of June 30, 2025, the Company's financial liabilities and off-balance sheet guarantee items are presented by remaining contract period based on undiscounted contractual cash flows as follows:

Item	Ending balance			Total
	Within 1 year	1-5 years	Over 5 year	
Non-derivative financial liabilities	-	-	-	-
Short-term borrowings	247,189,695.27	-	-	247,189,695.27
Payables	198,734,693.97	-	-	198,734,693.97
Other payables	100,375,481.27	-	-	100,375,481.27
Non-current liabilities due within one year	4,478,259.97	-	-	4,478,259.97
Long-term borrowings	-	20,000,000.00	-	20,000,000.00
Subtotal of non-derivative financial liabilities	550,778,130.48	20,000,000.00	-	570,778,130.48
Derivative financial liabilities	-	-	-	-
Financial guarantee	-	-	-	-
Total	550,778,130.48	20,000,000.00	-	570,778,130.48

3. Market risks

(1) *Exchange rate risk*

Not applicable.

(2) *Interest rate risk*

The Company's interest rate risk mainly arises from bank borrowings. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, and financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company adjusts the relative proportion of fixed interest rate contracts and floating interest rate contracts according to prevailing market conditions.

The finance department of the Company continuously monitors the interest rate level of the Company. Rising interest rates will increase the cost of new interest-bearing debt and the interest expense on the Company's outstanding interest-bearing debt at floating interest rates, and have a significant adverse impact on the Company's financial performance. The management will make timely adjustments based on the latest market conditions.

(3) *Price risk*

Price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, which mainly arises from changes in commodity prices, stock market indices, equity instruments prices and other risk variables.

VI. FAIR VALUE

(I) Financial instruments measured at fair value

The Company presents the book value of financial assets instruments measured at fair value as of June 30, 2025 by three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest level of the three levels to which each significant input used in the measurement at fair value belongs. The three levels are defined as follows:

Level 1: the unadjusted quoted price in the active market for the same asset or liability that is obtainable on the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the relevant asset or liability;

Level 2 inputs includes: 1) the quoted price of similar assets or liabilities in the active market; 2) Quoted prices for identical or similar assets or liabilities in non-active markets; 3) Other observable inputs other than quoted prices, including interest rate and yield curves, implied volatility and credit spreads that are observable during the normal interval of quoted prices; 4) Inputs verified by the market, etc.

Level 3: unobservable inputs of the relevant assets or liabilities.

(II) Measured at fair value at the end of the period

1. Continuous measurement at fair value

Item	Fair value as at the end of the period			
	Level 1	Level 2	Level 3	Total
Investments in other equity instruments	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(III) Valuation techniques and qualitative and quantitative information on important parameters used for items measured at fair value at Level 3 on a continuous and non-continuous basis

1. Valuation techniques and inputs description

Shenzhen SmartVoice Technology Co., Ltd. (深圳市智語科技有限公司, hereinafter referred to as “SmartVoice Technology”) invested in by the Company is engaged in value-added telecommunications business. Based on the characteristics of the industry and comparable companies in the same industry, the Company adopted the market approach to evaluate the relevant equity instrument investment.

2. Information on unobservable inputs

As of December 31, 2024, the impairment ratio of the investments of SmartVoice Technology has been set aside at 100%.

3. Valuation process

For Level 3 fair value measurements, the Company has formulated valuation methods for the fair value of different items. On the balance sheet date, the investment department produces the valuation data and provides the valuation basis according to the established methods. The finance department reviews the accuracy of the valuation data of each project and conducts accounting treatment according to established methods and the valuation basis provided by the investment department.

VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Parent company of the Company

1. Description of the parent company of the Company

The Company does not have a parent company and its ultimate controlling party is Piao Shenggen, a natural person who directly holds 27.36% of the shares of the Company, and indirectly holds 0.05% of the shares of the Company through Beijing Oriental Huagai Venture Capital Co., Ltd., making a total of 27.41% of the shares of the Company.

(II) For details of the Company's subsidiaries, please refer to Note VIII. (I) Interests in subsidiaries

(III) Joint ventures and associates of the Company

For details of the Company's significant joint ventures or associates, please refer to Note VIII. (II) Interests in joint venture arrangements or associates.

Other joint ventures or associates that have related party transactions with the Company in the current period, or have related party transactions with the Company in the previous period to form balances are as follows:

Name of joint venture or associate	Relationship with the Company
Liaoning Zhilian Xintong Network Service Co., Ltd. (遼寧智聯信通互聯網服務有限公司)	Associate of the Company

(IV) Other related parties

Names of other related parties	Relationships between other related parties and the Company
Mo'an Information Technology (Beijing) Co., Ltd. (摩安信息技術(北京)有限公司)	An enterprise in which Li Xiaoyong, the general manager of Beijing Jishihui Technology Co., Ltd., our wholly-owned subsidiary, holds shares and has significant influence
Chen Limei	The executive director and general manager of Anhui Xunzhong Communication Technology Co., Ltd., Zunyi Xuntong Huizhong City Operation and Management Co., Ltd. (遵義訊通惠眾城市運營管理有限公司), Ma'anshan Lingxun Information Technology Co., Ltd. (馬鞍山靈訊信息科技有限公 司), subsidiaries of the Company; chairman of Hefei Xuntong Huizhong Information Technology Co., Ltd., a subsidiary of the Company; executive director of Xuzhou Xuntong Network Communication Technology Co., Ltd., Jiangsu Shaoyan Information Technology Co., Ltd., subsidiaries of the Company; general manager of Jiangsu Hongluo Network Technology Co., Ltd., a subsidiary of the Company

(V) Related party transactions

1. For subsidiaries under common control that are included in the Company's consolidated financial statements, their mutual transactions and parent-subsidiary transactions have been offset.

2. Related party guarantees

(1) *The Company as the guaranteed party*

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Outstanding borrowings at the end of the period:				
Piao Shenggen	10,000,000.00	September 19, 2024	September 16, 2025	No
Co-borrower: Piao Shenggen	5,000,000.00	December 3, 2024	December 3, 2027	No
Co-borrower: Piao Shenggen	5,000,000.00	September 25, 2023	September 25, 2026	No
Piao Shenggen	4,650,000.00	January 17, 2025	January 16, 2026	No
Piao Shenggen	3,800,000.00	February 20, 2025	February 20, 2026	No
Piao Shenggen	1,550,000.00	March 18, 2025	March 18, 2026	No
Piao Shenggen	5,000,000.00	September 23, 2024	September 23, 2025	No
Piao Shenggen	10,000,000.00	August 6, 2024	August 5, 2025	No
Piao Shenggen	10,000,000.00	October 28, 2024	October 28, 2025	No
Piao Shenggen	19,500,000.00	June 5, 2025	June 4, 2026	No
Piao Shenggen	10,000,000.00	November 29, 2024	November 28, 2025	No
Piao Shenggen	10,000,000.00	March 13, 2025	March 12, 2026	No
Piao Shenggen	6,000,000.00	March 12, 2025	March 11, 2026	No
Piao Shenggen	5,000,000.00	March 28, 2025	September 27, 2025	No
Piao Shenggen	5,000,000.00	June 30, 2025	June 29, 2026	No
Piao Shenggen	8,000,000.00	March 31, 2025	March 31, 2026	No
Piao Shenggen	10,000,000.00	March 13, 2025	March 11, 2026	No
Piao Shenggen	15,000,000.00	April 23, 2025	October 22, 2025	No
Piao Shenggen	5,000,000.00	May 9, 2025	November 4, 2025	No
Piao Shenggen	5,000,000.00	April 29, 2025	April 29, 2026	No
Piao Shenggen	5,000,000.00	June 2, 2025	April 29, 2026	No
Piao Shenggen	4,000,000.00	May 28, 2025	November 28, 2025	No
Piao Shenggen	20,000,000.00	June 23, 2025	December 19, 2025	No

NOTES TO THE FINANCIAL STATEMENTS

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	5,000,000.00	September 19, 2024	September 19, 2025	No
Piao Shenggen, Beijing Guohua Liberal Arts Financing Guarantee Co., Ltd. (北京國華文科融資擔保有限公司)	7,000,000.00	October 30, 2024	October 29, 2025	No
Co-borrower: Piao Shenggen	10,000,000.00	November 8, 2024	November 8, 2025	No
Piao Shenggen, Beijing Xunzhong Communication Technology Limited	10,000,000.00	November 27, 2024	November 27, 2025	No
Guaranteed by Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. (北京中關村科技融資擔保有限公司), counter-guaranteed by Piao Shenggen	10,000,000.00	January 26, 2025	January 26, 2026	No
Co-borrower: Yue Duanpu	10,000,000.00	March 6, 2025	March 6, 2028	No
Main debtor: Piao Shenggen				
Guaranteed by Beijing Xunzhong Communication Technology Limited, Beijing Yunxun Science and Technology Co., Ltd.	15,000,000.00	March 26, 2025	March 26, 2026	No
Guaranteed by Beijing Shichuang Tongsheng Financing Guarantee Co., Ltd. (北京石創同盛融資擔保有限公司); counter-guaranteed by Beijing Xunzhong Communication Technology Limited, Beijing Yunxun Science and Technology Co., Ltd., Piao Shenggen	10,000,000.00	April 18, 2025	April 17, 2026	No

NOTES TO THE FINANCIAL STATEMENTS

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Piao Shenggen, Beijing Xunzhong Communication Technology Limited	10,000,000.00	June 27, 2025	December 27, 2025	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	3,000,000.00	March 26, 2025	March 25, 2026	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	May 13, 2025	May 13, 2026	No
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	June 24, 2025	June 23, 2026	No
Beijing Xunzhong Communication Technology Limited, Piao Shenggen	3,000,000.00	September 27, 2024	September 27, 2025	No
Guaranteed by Chen Limei, Piao Shenggen, Hefei Xingtai Technology Financing Guarantee Co., Ltd. (合肥市興泰科技融資擔保有限公司擔保); counter-guaranteed by Beijing Xunzhong Communication Technology Limited, Chen Limei, Piaoshenggen	3,500,000.00	June 9, 2025	June 8, 2026	No
Loans repaid during the period:				
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	June 24, 2024	June 24, 2025	Yes

NOTES TO THE FINANCIAL STATEMENTS

Guarantor	Guaranteed amount	Start date of guarantee	Maturity date of guarantee	Whether the responsibility is fulfilled
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	3,000,000.00	March 26, 2024	March 26, 2025	Yes
Guaranteed by Beijing Capital Financing Guarantee Co., Ltd. (北京首都融資擔保有限公司), counter-guaranteed by Piao Shenggen	1,500,000.00	May 15, 2024	May 15, 2025	Yes
Piao Shenggen	5,000,000.00	January 19, 2024	January 17, 2025	Yes
Piao Shenggen	4,000,000.00	November 27, 2024	May 27, 2025	Yes
Piao Shenggen	5,000,000.00	November 29, 2024	May 29, 2025	Yes
Piao Shenggen	10,000,000.00	November 18, 2024	May 16, 2025	Yes
Piao Shenggen	20,000,000.00	June 7, 2024	June 5, 2025	Yes
Piao Shenggen	15,000,000.00	March 29, 2024	March 29, 2025	Yes
Piao Shenggen	20,000,000.00	December 23, 2024	June 20, 2025	Yes
Piao Shenggen	5,000,000.00	June 27, 2024	June 27, 2025	Yes
Piao Shenggen	5,000,000.00	March 1, 2024	February 28, 2025	Yes
Piao Shenggen	10,000,000.00	February 2, 2024	February 1, 2025	Yes
Piao Shenggen	20,000,000.00	February 5, 2024	February 4, 2025	Yes
Piao Shenggen	10,000,000.00	March 18, 2024	March 10, 2025	Yes
Piao Shenggen	20,000,000.00	September 14, 2024	March 13, 2025	Yes
Piao Shenggen	20,000,000.00	May 9, 2024	May 12, 2025	Yes

3. Remuneration of key officers

Item	Amount in the current period	Amount in the previous period
Remuneration of key officers	2,548,422.40	3,376,947.44

4. Receivables from and payables to related parties

(1) The Company's receivables from related parties

Item name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments					
	Liaoning Zhilian Xintong Network Service Co., Ltd. (遼寧智聯信通互聯網服務有限公司)	314,848.30	314,848.30	314,848.30	314,848.30
Other receivables					
	Liaoning Zhilian Xintong Network Service Co., Ltd. (遼寧智聯信通互聯網服務有限公司)	300,000.00	300,000.00	300,000.00	300,000.00

VIII. COMMITMENTS AND CONTINGENCIES

(I) Major commitments

As of 30 June, 2025, the Company or its subsidiaries had established 22 subsidiaries including Jiangsu Hongluo Network Technology Co., Ltd., 17 of which had not been paid in full. As of the end of the Reporting Period, the Company or its subsidiaries had subscribed capital contribution of RMB179,423,200.00 to these subsidiaries in total. The Company has paid-in capital contribution of RMB56,749,035.00, and the remaining RMB122,674,165.00 has yet to be paid. Pursuant to the agreement, the payment of the remaining capital contribution shall be completed before the time limit stipulated in the articles of association of each company, and the source of funds shall be its own funds. This event may result in an increase of RMB122,674,165.00 in future cash outflow. The details are as follows:

NOTES TO THE FINANCIAL STATEMENTS

Number	Name of subsidiary	Subscribed Capital Contribution	Percentage of subscribed capital contribution	Capital contribution as of 30 June 2025		Closing date for remaining capital contribution as stipulated in the Articles of Association
				Paid-in capital contribution	Unpaid Contributions	
1	Jiangsu Hongluo Network Technology Co., Ltd.	10,000,000.00	100%	2,523,200.00	7,476,800.00	2030-03-31
2	Anhui Xunzhong Communication Technology Co., Ltd.	10,000,000.00	100%	9,225,335.00	774,665.00	2042-04-22
3	Beijing Xunzhong IoT Information Technology Co., Ltd.	10,000,000.00	100%	12,500.00	9,987,500.00	2029-08-13
4	Hefei Xuntong Huizhong Information Technology Co., Ltd.	8,323,200.00	80%	6,625,200.00	1,698,000.00	2040-09-14
5	Jiangsu Huashao Communication Technology Co., Ltd.	10,000,000.00	100%	5,979,000.00	4,021,000.00	2047-01-05
6	Liaoning Xunzhong Communication Technology Service Co., Ltd.	10,000,000.00	100%	555,000.00	9,445,000.00	2052-11-17
7	Ma'anshan Lingxun Information Technology Co., Ltd. (馬鞍山靈訊信息科技有限公司)	1,000,000.00	100%	20,000.00	980,000.00	2025-01-14
8	Ningxia Xunzhong Intelligent Technology Co., Ltd.	7,000,000.00	70%	4,819,500.00	2,180,500.00	2029-05-29
9	Shanghai Dingshu Information Technology Co., Ltd.	10,000,000.00	100%	8,696,000.00	1,304,000.00	2032-11-13
10	Shanghai Halouwei Information Technology Co., Ltd.	10,000,000.00	100%	9,979,000.00	21,000.00	2046-09-18

NOTES TO THE FINANCIAL STATEMENTS

Number	Name of subsidiary	Subscribed Capital Contribution	Percentage of subscribed capital contribution	Capital contribution as of 30 June 2025		Closing date for remaining capital contribution as stipulated in the Articles of Association
				Paid-in capital contribution	Unpaid Contributions	
11	Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	50,000,000.00	100%	3,298,000.00	46,702,000.00	2043-05-05
12	Sichuan Xunzhong Communication Technology Co., Ltd.	10,000,000.00	100%	5,143,000.00	4,857,000.00	2042-04-05
13	Beijing Yuyu E-commerce Co., Ltd.	10,000,000.00	100%	7,500,900.00	2,499,100.00	2046-11-20
14	Xuzhou Xuntong Network Communication Technology Co., Ltd.	6,100,000.00	61%	530,000.00	5,570,000.00	2042-06-30
15	Yingkou Huali Daxing Technology Co., Ltd.	7,000,000.00	70%	42,000.00	6,958,000.00	2034-11-01
16	Zunyi Dike Data Consulting Co., Ltd.	10,000,000.00	100%	6,543,000.00	3,457,000.00	2048-01-01
17	遵義訊通惠眾城市運營管理有限公司	9,000,000.00	90%	30,000.00	8,970,000.00	2029-06-30
	Total	179,423,200.00		56,749,035.00	122,674,165.00	

Except for the above matters, the Company had no other major commitments that need to be disclosed.

(II) Major contingencies on the balance sheet date

The Company has no major contingencies required to be disclosed.

IX. POST BALANCE SHEET EVENTS

(I) Major non-adjusting events

The Company had a lawsuit due to a dispute related to the sales contract with Beijing Asiacom Information Technology Co., Ltd. (北京亞康萬瑋信息技術股份有限公司) (including its subsidiaries, hereinafter referred to as “Asiacom”), and the above-mentioned lawsuit was heard in the District People’s Court of Daxing, Beijing on April 15. As the subject matter was found to be foreign-related after further review by Daxing Court, Daxing Court determined that it did not have jurisdiction over the case in light of the amount of the subject matter, and transferred the case to the No. 4 Intermediate People’s Court of Beijing (hereinafter referred to as the “No. 4 Intermediate People’s Court of Beijing”). On May 23, 2025, the Company received the case registration document from No. 4 Intermediate People’s Court of Beijing. As of the date of this report, the above case is still under trial. In view of the above, the court froze the basic bank account of the Company according to the property preservation application of the plaintiff, Asiacom, with the balance of such account amounting to RMB7,708,611.86.

(II) Notes to other post balance sheet events

On July 26, 2024, the Company submitted an application to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the overseas issuance and listing of foreign shares (H Shares) and for listing on the Main Board of the Stock Exchange. The application materials for this issuance and listing were published on the official website of the Stock Exchange on July 26, 2024. The proposal for this H-share issuance has been reviewed by the Company’s Board of Directors and general meeting. Concurrently, in accordance with relevant regulations, the Company submitted its filing application materials for this issuance and listing to the China Securities Regulatory Commission (“CSRC”), which were accepted by the CSRC in early August. In August 2024, the Company received inquiry letters (not publicly disclosed online) from the Stock Exchange and the Securities and Futures Commission (SFC) of Hong Kong. In early November, the Company received a second round of inquiry letters (not publicly disclosed online) from the Stock Exchange, followed by a second round from the SFC

in late November. Responses to all the inquiry letters have been completed. On January 10, 2025, the Company received the “Notice on the Filing of Overseas Issuance and Listing of Beijing Xunzhong Communication Technology Co., Ltd.” (Ref. No.: Guo He Han [2025] No. 78) from the Department of International Affairs of the CSRC. On April 30, 2025, the Company resubmitted its application to the Stock Exchange for the overseas issuance and listing of foreign shares (H Shares) and for listing on the Main Board of the Stock Exchange. On June 19, 2025, the Listing Committee of the Stock Exchange held a listing hearing to review the Company’s application for this issuance and listing. On June 30, 2025, the Company published and distributed H-share prospectus in Hong Kong. With the approval of the Stock Exchange, the 30,440,000 overseas-listed foreign shares (H Shares) issued by the Company were listed for trading on the Main Board of the Stock Exchange on July 9, 2025. The stock short name for the Company’s H Shares is 訊眾通信 in Chinese and XUNZHONG in English, and the stock code is 2597.HK.

X. NOTES ON OTHER SIGNIFICANT EVENTS

(I) Segment Information

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting system. An operating segment of the Company is a component that simultaneously meet the following conditions:

- (1) It can generate revenue and incur expenses in ordinary course of business;
- (2) Its operating results are regularly reviewed by the Company’s management to make decisions about resources to be allocated to the component and to assess its performance;
- (3) Relevant accounting information is available regarding its financial position, operating results, and cash flows.

The Company identifies its reportable segments based on its operating segments. An operating segment is identified as a reportable segment if it meets one of the following thresholds:

- (1) Its segment revenue is 10% or more of the combined revenue of all operating segments;
- (2) The absolute amount of its segment profit or loss is 10% or more of the greater, in absolute terms, of the combined profit of all operating segments that reported a profit, or the combined loss of all operating segments that reported a loss.

The Company has a single line of business, primarily providing value-added telecommunication services. Management manages and evaluates the operating results of this business as a whole. Therefore, no segment information is presented in these financial statements.

(II) Other Significant Transactions and Events Impacting Investors' Decisions

1. Pending Litigation

As of the date of this report, the Company and its domestic holding subsidiaries are defendants in one pending lawsuit with an amount in dispute exceeds RMB2 million. The details are as follows:

On November 27, 2024, Beijing Yakang Huanyu Technology Co. Ltd. ("Beijing Yakang") filed a lawsuit against the Company in the Beijing Daxing District People's Court on the grounds of a sales contract dispute. Beijing Yakang requested the court to order the Company to refund the payment for goods amounting to RMB54.5 million and to pay liquidated damages of RMB10.9 million as stipulated in the purchase contract, totaling RMB65.4 million.

In response to the aforementioned case, on December 16, 2024, the Company filed a lawsuit in the Beijing Chaoyang District People's Court with the cause of action arising from a dispute over the confirmation of contract invalidity, with a case value of RMB60,161,600.

On January 21, 2025, the Case Filing Division of the Beijing Chaoyang District People's Court issued a "Notice of Litigation Services", confirming that the materials for the dispute over the confirmation of contract invalidity involving the Company, Beijing Yakang, and Beijing Yunxi had been accepted by the court.

On April 15, 2025, the first hearing for the sales contract dispute case brought by Beijing Yakang against the Company was held at the Beijing Daxing District People's Court ("Daxing Court"). Upon further review, the Daxing Court found that the subject matter of the case involved foreign elements. Considering this and the amount in dispute, the Daxing Court determined that it lacked jurisdiction and transferred the case to the Beijing Fourth Intermediate People's Court ("Beijing Fourth Intermediate Court"), which has proper jurisdiction.

On May 23, 2025, the Company received the case filing documents from the Beijing Fourth Intermediate Court. As of the date of this report, the aforementioned case remains under trial.

XI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

1. Disclosure of accounts receivables by age

Aging	Closing balance	Opening balance
Within 1 year	430,885,920.27	361,895,884.46
1 to 2 years	5,370,323.16	35,184,780.01
2 to 3 years	486,110.94	5,644,778.98
3 to 4 years	1,166,044.34	1,073,983.95
4 to 5 years	687,137.03	1,164,662.66
More than 5 years	4,007,519.17	3,534,953.48
Subtotal	442,603,054.91	408,499,043.54
Less: Provision for bad debts	28,813,216.32	29,717,463.96
Total	413,789,838.59	378,781,579.58

2. Classified disclosure by bad debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on an individual basis	4,245,674.80	0.96%	4,245,674.80	100.00%	0.00
Provision for bad debts on a portfolio basis	438,357,380.11	99.04%	24,567,541.52	5.60%	413,789,838.59
Including: Aging portfolio	438,357,380.11	99.04%	24,567,541.52	5.60%	413,789,838.59
Total	442,603,054.91	100%	28,813,216.32	6.51%	413,789,838.59

Continued:

Type	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on an individual basis	4,645,697.22	1.14	4,645,697.22	100.00	—
Provision for bad debts on a portfolio basis	403,853,346.32	98.86	25,071,766.74	6.21	378,781,579.58
Including: Aging portfolio	403,853,346.32	98.86	25,071,766.74	6.21	378,781,579.58
Total	408,499,043.54	100.00	29,717,463.96	7.27	378,781,579.58

*Provision for bad debts on a portfolio basis***(1) Aging portfolio**

Aging	Closing balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	430,885,920.27	21,544,296.01	5
1 to 2 years	4,740,975.88	474,097.59	10
2 to 3 years	172,767.70	34,553.54	20
3 to 4 years	58,155.85	17,446.76	30
4 to 5 years	4,825.58	2,412.79	50
More than 5 years	2,494,734.83	2,494,734.83	100
Total	438,357,380.11	24,567,541.52	

3. Provision for bad debts accrued, recovered or reversed in the current period

Type	Opening balance	Change in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Other changes	
Provision for bad debts on an individual basis	4,645,697.22	—	400,022.42	—	—	4,245,674.80
Provision for bad debts on a portfolio basis	25,071,766.74	-504,225.22	—	—	—	24,567,541.52
Including: Aging portfolio	25,071,766.74	-504,225.22	—	—	—	24,567,541.52
Portfolio of related party within the scope of consolidation	29,717,463.96	-504,225.22	400,022.42	0.00	0.00	28,813,216.32
Total	4,645,697.22	—	400,022.42	—	—	4,245,674.80

4. Top five accounts receivable and contract assets in terms of closing balance, grouped by party in arrears

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balances of accounts receivable and contract assets	Percentage of total amount of closing balance of accounts receivable and contract assets (%)	Balance of provision for bad debts of accounts receivable and impairment of contract assets
Aggregate amount of the closing balance of the top five accounts receivable and contract assets	151,936,019.13	—	151,936,019.13	34.33%	7,596,800.96

5. No accounts receivable derecognised due to transfer of financial assets in the current period

6. No assets and liabilities arising from transfer of accounts receivables and continuing involvement in the current period

2. Other receivables

1. Disclosure of other receivables by age

Aging	Closing balance	Opening balance
Within 1 year	285,184,357.26	504,269,239.67
1 to 2 years	73,421,727.82	21,066,360.13
2 to 3 years	23,299,592.09	30,651,352.03
3 to 4 years	15,159,551.83	501,368.57
4 to 5 years	166,415.00	10,000.00
More than 5 years	1,033,288.00	1,012,085.59
Subtotal	398,264,932.00	557,510,405.99
Less: Provision for bad debts	23,252,597.73	23,191,683.35
Total	375,012,334.27	534,318,722.64

2. Breakdown by nature of payments

Nature of payment	Book balance as at the end of the period	Book balance as at the beginning of the period
Deposits and margin	4,769,659.10	5,026,004.10
Current accounts	54,080,000.00	54,080,000.00
Other	95,843.31	93,162.50
Transactions between related parties within the scope of consolidation	339,319,429.59	498,311,239.39
Subtotal	398,264,932.00	557,510,405.99
Less: Provision for bad debts	23,252,597.73	23,191,683.35
Total	<u>375,012,334.27</u>	<u>534,318,722.64</u>

3. Classified disclosure by bad debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on an individual basis	54,173,161.81	13.60%	21,725,161.81	93.43%	32,448,000.00
Provision for bad debts on a portfolio basis	344,091,770.19	86.40%	1,527,435.92	6.57%	342,564,334.27
Including: Aging portfolio	4,772,340.60	1.20%	1,527,435.92	6.57%	3,244,904.68
Portfolio of related party within the scope of consolidation	339,319,429.59	85.20%	0	0.00%	339,319,429.59
Total	<u>398,264,932.00</u>	<u>100.00%</u>	<u>23,252,597.73</u>	<u>100.00%</u>	<u>375,012,334.27</u>

NOTES TO THE FINANCIAL STATEMENTS

Continued:

Type	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Amount	Withdrawal percentage (%)	
Provision for bad debts on					
an individual basis	54,173,161.81	9.72	21,725,161.81	40.10	32,448,000.00
Provision for bad debts on					
a portfolio basis	503,337,244.18	90.28	1,466,521.54	0.29	501,870,722.64
Including: Aging portfolio	5,026,004.79	0.90	1,466,521.54	29.18	3,559,483.25
Portfolio of related party within					
the scope of consolidation	498,311,239.39	89.38	—	—	498,311,239.39
Total	557,510,405.99	100.00	23,191,683.35	4.16	534,318,722.64

Provision for bad debts on a portfolio basis

(1) Aging portfolio

Aging	Closing balance		
	Book balance	Bad-debt provision	Withdrawal percentage (%)
Within 1 year	732,199.81	36,609.99	5
1 to 2 years	1,686,922.30	168,692.23	10
2 to 3 years	1,035,918.49	207,183.70	20
3 to 4 years	210,500.00	63,150.00	30
4 to 5 years	110,000.00	55,000.00	50
More than 5 years	996,800.00	996,800.00	100
Total	4,772,340.60	1,527,435.92	

NOTES TO THE FINANCIAL STATEMENTS

Provision for bad debts based on the general model of expected credit losses

	Step 1	Step 2	Step 3	
	Expected	Lifetime expected	Lifetime expected	
	credit losses	credit loss	credit loss	
	for the next	(without credit	(with credit	
	12 months	impairment)	impairment)	
Bad-debt provision				Total
Opening balance	1,466,521.54		21,725,161.81	23,191,683.35
Balance as at the beginning				
of the period during the				
current period	-	-	-	-
- Transferred to Step 2	-	-	-	-
- Transferred to Step 3	-	-	-	-
- Reversed to Step 2	-	-	-	-
- Reversed to Step 1	-	-	-	-
Provision in the current period	60,914.38	-	-	60,914.38
Reversal in the current period	-	-	-	-
Charge-off in the current period	-	-	-	-
Write-off in the current period	-	-	-	-
Other changes	-	-	-	-
Closing balance	<u>1,527,435.92</u>	<u>-</u>	<u>21,725,161.81</u>	<u>23,252,597.73</u>

4. Provision for bad debts accrued, recovered or reversed in the current period

Type	Opening balance	Provision	Change in the current period			Closing balance
			Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts on an individual basis	21,725,161.81	—	—	—	—	21,725,161.81
Provision for bad debts on a portfolio basis	1,466,521.54	60,914.38	—	—	—	1,527,435.92
Including: Aging portfolio	1,466,521.54	60,914.38	—	—	—	1,527,435.92
Portfolio of related party within the scope of consolidation	—	—	—	—	—	—
Total	23,191,683.35	60,914.38	—	—	—	23,252,597.73

5. Top five other receivables in terms of closing balance, grouped by party in arrears

Entity name	Closing balance	Percentage of ending balance of other receivables (%)
Beijing Yunxun Technology Co., Ltd.	257,280,101.66	64.60%
Beijing Yunxi Technology Co. Ltd.	54,080,000.00	13.58%
Beijing Zhongmai Communication Technology Co., Ltd.	49,430,963.78	12.41%
Beijing Yunyan Tianchuang Technology Co., Ltd.	19,645,383.64	4.93%
Beijing Jishihui Technology Co., Ltd.	6,756,714.35	1.70%
Total	387,193,163.43	97.22%

6. There were no other receivables related to government grants during the current period

7. There were no other receivables derecognized due to the transfer of financial assets during the current period

8. No amount of assets and liabilities generated by transferring other receivables and continuing involvement during the current period

3. Long-term equity investments

Nature of payment	Closing balance			Opening balance		
	Book balance	Provision for impairment losses	Book value	Book balance	Provision for impairment losses	Book value
Investment in subsidiaries	140,576,029.10	7,686,394.10	132,889,635.00	125,803,429.10	7,686,394.10	118,117,035.00
Investments in associates and joint ventures	—	—	—	—	—	—
Total	140,576,029.10	7,686,394.10	132,889,635.00	125,803,429.10	7,686,394.10	118,117,035.00

1. Investment in subsidiaries

Investee	Increase and decrease in the current period							
	Initial investment cost	Opening balance (Book value)	Provision for impairment losses Opening balance	Increase in the current period	Decrease in the current period	Current provision Provision for impairment losses	Others	Provision for impairment losses Closing balance
Beijing Yunxun Technology Co., Ltd.	10,000,000.00	10,000,000.00	—	—	—	—	—	10,000,000.00
Beijing Zhongmai Communication Technology Co., Ltd.	10,000,000.00	10,000,000.00	—	—	—	—	—	10,000,000.00
Beijing Jishihui Technology Co., Ltd.	20,000,000.00	20,000,000.00	—	—	—	—	—	20,000,000.00
Shanghai Dingshu Information Technology Co., Ltd.	8,046,000.00	8,046,000.00	—	600,000.00	—	—	—	8,646,000.00
Yingkou Huali Daxing Technology Co., Ltd.	7,686,394.10	—	7,686,394.10	—	—	—	—	7,686,394.10
Zunyi Dike Data Consulting Co., Ltd.	6,300,000.00	6,300,000.00	—	243,000.00	—	—	—	6,543,000.00
Beijing Yunyan Tianchuang Technology Co., Ltd.	10,160,000.00	10,160,000.00	—	—	—	—	—	10,160,000.00
Jiangsu Shaoyan Information Technology Co., Ltd.	10,300,000.00	10,300,000.00	—	—	—	—	—	10,300,000.00
Beijing Yuyu E-commerce Co., Ltd.	7,671,000.00	7,671,000.00	—	129,900.00	—	—	—	7,800,900.00
Jiangsu Hongluo Network Technology Co., Ltd.	2,753,000.00	2,753,000.00	—	20,200.00	—	—	—	2,773,200.00

NOTES TO THE FINANCIAL STATEMENTS

Investee	Increase and decrease in the current period								
	Initial investment cost	Opening balance (Book value)	Provision for impairment losses		Increase and decrease in the current period		Current provision		Closing balance (Book value)
			Opening balance	current period	current period	Provision for impairment losses	Others	Closing balance	Provision for impairment losses
Jiangsu Huashao Communication Technology Co., Ltd.	4,802,000.00	4,802,000.00	—	1,427,000.00	—	—	—	6,229,000.00	—
Shanghai Halouwei Information Technology Co., Ltd.	8,153,000.00	8,153,000.00	—	2,076,000.00	—	—	—	10,229,000.00	—
Anhui Xunzhong Communication Technology Co., Ltd.	6,481,035.00	6,481,035.00	—	2,744,300.00	—	—	—	9,225,335.00	—
Sichuan Xunzhong Communication Technology Co., Ltd.	4,645,000.00	4,645,000.00	—	498,000.00	—	—	—	5,143,000.00	—
Hefei Xuntong Huizhong Information Technology Co., Ltd.	4,070,000.00	4,070,000.00	—	2,555,200.00	—	—	—	6,625,200.00	—
Liaoning Xunzhong Communication Technology Service Co., Ltd.	510,000.00	510,000.00	—	45,000.00	—	—	—	555,000.00	—
Xuzhou Xuntong Network Communication Technology Co., Ltd.	510,000.00	510,000.00	—	20,000.00	—	—	—	530,000.00	—
Sichuan Xuntong Huizhong Smart City Technology Co., Ltd.	2,951,000.00	2,951,000.00	—	347,000.00	—	—	—	3,298,000.00	—
Beijing Xunzhong IOT Information Technology Co., Ltd.	5,000.00	5,000.00	—	7,500.00	—	—	—	12,500.00	—
Ningxia Xunzhong Intelligent Technology Co., Ltd.	760,000.00	760,000.00	—	4,059,500.00	—	—	—	4,819,500.00	—
Total	125,803,429.10	118,117,035.00	7,686,394.10	14,772,600.00	0.00	0.00	0.00	132,889,635.00	7,686,394.10

4. Operating income and operating costs

1. Operating income, operating costs

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main business	220,393,287.94	183,509,313.85	137,145,243.45	116,775,934.81
Total	<u>220,393,287.94</u>	<u>183,509,313.85</u>	<u>137,145,243.45</u>	<u>116,775,934.81</u>

XII. SUPPLEMENTARY INFORMATION

(I) Non-recurring gains and losses

1. Breakdown of current non-recurring gains and losses

Item	Amount	Explanation
Gains and loss from the disposal of non-current assets (including the written off part for which provision for asset impairment has been made)	38,002.50	
Government grants included in the current profit and loss, except those closely related to the Company's normal operations, conforming to the State policies and regulations, enjoyed persistently in line with certain standard ratings or ratings, and having a lasting impact on the Company's profit and loss	3,455,000.00	
Reversal of provision for receivables subject to independent impairment test	409,865.42	
Non-operating income and expenses other than those mentioned above	-116,927.20	
Other profit and loss items that meet the definition of non-recurring profit and loss	—	
Less: effect of income tax	566,577.52	
Effect of non-controlling interests (after tax)		
Total	<u>3,219,363.20</u>	

(II) Net return on assets and earnings per share

Profit during the Reporting Period	Weighted average	Earnings per share	
	Net return on assets (%)	Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	3.00%	0.28	0.28
Net profits attributable to ordinary shareholders of the Company after deducting extraordinary profit and loss	2.62%	0.26	0.26

(III) Earnings per share**1. Basic earnings per share**

Basic earnings per share is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of shares in issue during the same period.

	For the six months ended June 30,	
	2025	2024
Net profit attributable to shareholders of the parent (net loss is represented by “-” sign)	25,618,530.27	25,463,321.84
Weighted average number of shares issued (shares)	91,314,291	91,314,291
Basic earnings per share (RMB/share)	0.28	0.28

2. Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive shares outstanding during the Reporting Period and the corresponding period of last year.

(IV) Dividends

The Board did not recommend the declaration of an interim dividend for the six months ended June 30, 2025.