



浪潮數字企業技術有限公司

INSPUR DIGITAL ENTERPRISE TECHNOLOGY LIMITED

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

(股份代號 Stock Code : 596)

中期報告
2025
Interim Report





CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Other Information	12
Consolidated Statement of Profit or Loss (Unaudited)	16
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	17
Consolidated Statement of Financial Position (Unaudited)	18
Consolidated Statement of Changes in Equity (Unaudited)	20
Consolidated Statement of Cash Flows (Unaudited)	21
Notes to the Consolidated Financial Statements	22



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhao Zhen
Mr. Wang Yusen
Mr. Cui Hongzhi

NON-EXECUTIVE DIRECTOR

Ms. Li Chunxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Lit Chor, Alexis
Ms. Zhang Ruijun
Mr. Ding Xiangqian

COMPANY SECRETARY

Ms. Chan Wing
Mr. Zou Bo

AUDITORS

SHINEWING (HK) CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China
Agriculture Bank of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room B&C, 30/F, Tower A
Billion Center
1 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

WEBSITE

www.inspur.com.hk

LEGAL COUNSEL

Hong Kong:
Patrick Mak & Tse
Rooms 901-905, Wing On Centre
111 Connaught Road
Central
Hong Kong

MAIN BOARD STOCK CODE

596

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

As of 30 June 2025, the Group's revenue was mainly derived from its business in the PRC. During the Reporting Period, the Group's revenue increased by 4.88% compared with the corresponding period of previous year, while its gross profit increased by 11.32% compared with the corresponding period of previous year.

(1) Turnover

During the current Reporting Period, the Group recorded a turnover of RMB4,343,457,000, representing an increase of 4.88% compared with the corresponding period of previous year (corresponding period in 2024: RMB4,141,171,000). Among which, the revenue from cloud services business amounted to RMB1,273,911,000, representing an increase of 29.96% compared with the corresponding period of previous year (corresponding period in 2024: RMB980,201,000). The revenue from cloud services business accounted for 51.54% of the turnover of the Group's software and cloud services business, becoming the driving force for the Company's revenue growth; the revenue from management software business amounted to RMB1,197,849,000, representing a decrease of 0.34% compared with the corresponding period of previous year (corresponding period in 2024: RMB1,201,892,000); and the revenue from Internet of Things (IoT) solutions business amounted to RMB1,871,697,000, representing a decrease of 4.46% compared with the corresponding period of previous year (corresponding period in 2024: RMB1,959,078,000).

(2) Gross Profit

During the Reporting Period, the Group recorded a gross profit of RMB1,014,906,000 from its operating activities, representing an increase of 11.32% compared with the corresponding period of previous year (corresponding period in 2024: RMB911,681,000). The overall gross profit margin was 23.37%, representing an increase of 1.35 percentage points compared with the corresponding period of previous year (corresponding period in 2024: 22.02%).

(3) Administrative Expenses, Research and Development Expenses and Selling Expenses

During the current Reporting Period, the administrative expenses of the Group amounted to RMB199,444,000, representing a decrease of 0.44% compared with the corresponding period of previous year (corresponding period in 2024: RMB200,318,000). The main reason for this decrease is the reduction in administrative-related personnel expenses.

During the current Reporting Period, the Group's research and development (R&D) expenses amounted to RMB397,502,000, and the amount of capitalized R&D expenses in the current period was RMB42,246,000, resulting in a total R&D expenditure of RMB439,748,000 (corresponding period in 2024: RMB440,648,000), basically the same as the corresponding period of previous year.

During the current Reporting Period, the Group's selling and distribution expenses amounted to RMB256,939,000, representing an increase of 4.97% compared with the corresponding period of previous year (corresponding period in 2024: RMB244,763,000). The main reason for this increase is the rise in sales-related personnel expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(4) Other Income from Operating Activities

During the current Reporting Period, the Group's other income amounted to RMB60,108,000, representing a decrease of 36.34% compared with the corresponding period of previous year (corresponding period in 2024: RMB94,416,000). The main reasons are as follows: 1) The government special appropriation was RMB20,633,000, representing a decrease of 55.84% compared with the corresponding period of previous year (corresponding period in 2024: RMB46,727,000); 2) The rental income from investment properties was RMB10,865,000 (corresponding period in 2024: RMB20,300,000), representing a decrease of 46.48% compared with the corresponding period of previous year. The main reason for this decrease is that the property in Jinan was converted for the Company's internal use, and at the same time, the rental expenses decreased.

(5) Investment Income (Losses) from Associated Companies and Joint Ventures

During the current Reporting Period, the Group's investment income from associated companies amounted to RMB3,778,000, representing an increase of 5.41% compared with the corresponding period of previous year (corresponding period in 2024: RMB3,584,000). During the current Reporting Period, the Group's investment income from joint ventures was RMB3,378,000 (corresponding period in 2024: RMB268,000).

(6) Profit Before Tax

During the current Reporting Period, the Company recorded a profit before tax of RMB186,000,000 (corresponding period in 2024: RMB106,708,000). The main reasons are as follows: 1) The cloud services business turned from loss to profit, with an operating profit of RMB19,916,000, representing an increase of RMB90,654,000 compared with the corresponding period of last year (corresponding period in 2024: RMB -70,738,000); 2) The operating profit of the management software business segment was RMB184,778,000, representing an increase of 6.22% compared with the corresponding period of last year (corresponding period in 2024: RMB173,955,000).

(7) Profit Attributable to Owners of the Company

During the current Reporting Period, the profit attributable to the owners of the Company amounted to RMB183,142,000, representing a significant increase compared with RMB105,702,000 in the corresponding period of the previous year. The main reasons are as follows: 1) The cloud services business has turned from loss to profit; 2) The operating profit of the management software business segment increased by 6.22% compared with the corresponding period of the previous year.

The basic earnings per share was RMB16.04 cents (corresponding period in 2024: RMB9.26 cents), and the diluted earnings per share was RMB15.97 cents (corresponding period in 2024: RMB9.26 cents).

(8) Financial Resources and Liquidity

As at 30 June 2025, the current assets amounted to RMB7,016,782,000, mainly consisting of trade and bills receivables, contract assets, and bank balances and cash.

The current liabilities were RMB5,896,165,000, mainly including trade payables, other payables and accrued expenses, and contract liabilities. The Group's current assets were 1.19 times the current liabilities (31 December 2024: 1.20 times).

The Group's borrowings from banks amounted to RMB750,497,000, and its borrowings from Inspur Group Finance Co., Ltd. amounted to RMB280,957,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS



FOREIGN EXCHANGE RISK

The Group's purchases and sales are mainly denominated in RMB. The Group does not use any derivative instruments to hedge its currency exposure. The Group is currently in a strong financial position and will be able to meet its foreign exchange liabilities as they fall due. The Group's functional currency is RMB and the statements adopt RMB as the presentation currency.

EMPLOYEE INFORMATION

As of 30 June 2025, the Group had 8,146 employees. During the Reporting Period, total staff remuneration (including directors' remuneration and Mandatory Provident Fund contributions) under operating activities amounted to RMB881,793,000.

In accordance with the Group's remuneration policy, employees are remunerated based on their performance and competence, and incentives and options are granted to eligible employees. In addition, the Group provides a mandatory provident fund scheme and a medical protection scheme to all employees, and the Company also provides continuing education and training to its employees to continuously upgrade their skills.

CHARGES OF ASSETS

As of 30 June 2025, the Group's bank deposits of RMB46,292,000 (31 December 2024: RMB99,291,000) were pledged.

BUSINESS REVIEW

During the Reporting Period, the Group adhered to its "AI First" strategy, fully embracing large AI model technologies. Focusing on the enterprise services sector, the Group continued to conduct research and development on the Inspur Haiyue Large Model and full-stack tool services, developed AI-native Haiyue enterprise software, and launched the out-of-the-box intelligent agent cluster - Inspur Haiyue Commercial AI. It also implemented high-value intelligent application scenarios and provided customers with leading AI solutions. Guided by the development concepts of specialization, digital intelligence, ecologization and globalization, the Group continuously creates value for customers and empowers their sustainable development.

During the Reporting Period, the Group adhered to innovation-driven development and seized the strategic opportunities brought by technological revolution, industrial transformation and the reconstruction of the enterprise software ecosystem. Supported by products such as intelligent ERP, PaaS platform, MOM and vertical large models for enterprise services, the Group assisted enterprises in their full-business digital transformation through the digitalization of operation management and production operations.

During the Reporting Period, the Group launched over 10 new products, including Haiyue Large Model V3.0, Haiyue Commercial AI V1.0, Haiyue PaaS Platform V8.0, and Haiyue inSuite Standard Edition V5.0. Meanwhile, the intelligent capabilities of products such as Haiyue Intelligent ERP GS Cloud (for large enterprises) and Haiyue HCM were comprehensively enhanced. The capabilities of Haiyue Large Model were upgraded, with the intelligent agent platform offering a dual-development model of low-code and hard-coding. Positioned as a ready-to-use collection of intelligent agent capabilities for enterprises, Haiyue Commercial AI supports the one-stop implementation of over 40 high-value scenarios, including finance, supply chain, and project management. The Haiyue PaaS Platform released more than 10 intelligent scenarios and tools, such as intelligent application assistant, penetrating supervision tool, intelligent rules, intelligent search, and intelligent customer service. Focusing on the key priority of domestic replacement for core ERP, the Group reconstructed the supply chain planning hub and the accounting function for R&D standard costing; it also realized visualization in the budget preparation process and intelligent decision-making, thereby enhancing product usability. The Group improved its international support infrastructure by building a unified translation management system, which supports the translation of all online documents of products and platforms into Malay and Arabic. In addition, it added support for multiple accounting standards and parallel ledgers to meet international accounting needs, and achieved full internationalization of product documents.



MANAGEMENT'S DISCUSSION AND ANALYSIS

During the Reporting Period, the Group continued to deepen its presence in the market of central and state-owned enterprises, making new breakthroughs in central enterprises such as China Southern Power Grid, SDIC, China Resources Group, China Resources Recycling Group, CICT, China Electric Equipment Group, and China Digital Logistics. It also continued to serve large central and state-owned enterprises including China Energy Engineering Group, Aluminum Corporation of China, China Tower, China National Building Material Group, China Datang Corporation, Sinomach Group, China Rare Earth Group, Sinopharm Group, China National Pipeline Network Group, and China Southern Airlines. Currently, the Group has assisted 86 central enterprises, 190 of China's top 500 enterprises, and over 1.2 million enterprises in achieving full-business digital transformation.

I. Cloud Services Business

The Group provides comprehensive cloud services to enterprises of different scales, strengthens and expands the construction of the ecosystem, empowers Inspur partners and customers, and enhances the core competitiveness in the digital economy era. During the Reporting Period, the revenue of the cloud services business achieved significant growth, recording an income of RMB1,273,911,000, representing a year-on-year increase of 29.96% (corresponding period in 2024: RMB980,201,000).

(1) Large Enterprises Market

During the Reporting Period, the Company implemented the "AI First" strategy, fully embraced large artificial intelligence model technologies, and achieved innovative breakthroughs in three aspects: intelligent native software architecture, composite AI key technologies, and the intelligent agent-as-a-service (AaaS) application model. It reconstructed the Haiyue software with AI technologies to create AI-native enterprise software, forming an intelligent native product layout of "Haiyue Large Model + Haiyue Software + Haiyue Commercial AI", providing enterprises with a complete evolution path from the technical foundation to the implementation of scenarios.

During the Reporting Period, the Group launched Haiyue Large Model V3.0, which has overcome technical difficulties in implementing enterprise-level AI application scenarios. It incorporates unique knowledge and best practices in the enterprise domain and adopts a composite AI strategy integrating multi-model, multi-modal, and hybrid large-small model technologies to provide enterprises with trustworthy AI capabilities. A new multi-agent collaboration architecture has been built to support cross-domain multi-agent collaboration in complex tasks. Adhering to open protocols such as A2A (Model Context Agreement) and MCP (Agent-to-Agent Protocol), it offers two end-to-end toolchains: graphical, low-code agent development and model training fine-tuning. This establishes a systematic low-code toolchain for enterprises covering model training fine-tuning, deployment, and agent development, supporting the development, deployment, and operation of both general-purpose agents and industry-customized agents, as well as one-stop integration into enterprise business scenarios. Haiyue Large Model is the first vertical large model in China's enterprise services sector that has completed both "model + algorithm" dual filings. It ranks first in both market position and development capability among China's vertical large models for enterprise services (CCID), and has been awarded titles such as "Outstanding Supplier of China's Industrial Large Models" (IDC), "Representative Vendor of China's Intelligent Building Large Models" (IDC), and "Recommended Brand for China's AI Large Model All-in-One Machines" (IDC). It has currently been implemented and applied in customers such as Beijing Tongrentang.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the Reporting Period, Inspur Haiyue Commercial AI V1.0 was launched, providing more than 100 out-of-the-box scenario agents, covering more than 40 high-value scenarios such as multi-modal intelligent audit, supply and demand perception decision-making, and intelligent project management in the fields of finance, supply chain, and project management. Based on the agents covering the end-to-end processes of enterprises, it breaks through the data silos and process blockages in the digital and intelligent transformation of enterprises, solves the problems of inefficient business processing, unbalanced resource allocation, and sluggish risk response, and provides managers and business personnel with intelligent decision-making support and automated execution capabilities, achieving the effects of a leap in operational efficiency, precise risk prevention and control, and dynamic resource optimization. The overall technology has reached the national leading level. It has won the first prize of Shandong Province's Artificial Intelligence Science and Technology Progress Award, and has been rated as a representative vendor of Financial Agent, Enterprise-level AI Agent, and Industrial Agent by IDC. The Haiyue Contract Audit Agent has been selected as the first recommended application of Chinese Enterprise-level AI Agent by IDC and a typical demonstration case in the software industry by the China Software Industry Association. At present, it has been implemented in customers, including the Chongqing State-owned Assets Supervision and Administration Commission and Shanxi Guoyun.

During the Reporting Period, the Inspur Haiyue PaaS Platform V8.0 was launched. With the Haiyue Large Model as the intelligent hub and driven by intelligent-native and cloud-native technologies, it focuses on four major areas: intelligent and cloud-native public technologies, intelligent application development and integration, data development and business intelligence, and intelligent Internet of Things and spatial computing. It creates an AI-driven, one-stop, decouplable PaaS platform product system, providing enterprises with an integrated open ecosystem. The Group has developed more than 10 intelligent applications and services, including ChatBI (conversational data decision analysis), intelligent application assistant, intelligent development assistant, intelligent report, and intelligent customer service. These applications and services penetrate into enterprise service areas such as finance, treasury, supply chain, and software development, providing convenient enterprise intelligent services and powerful technical base support capabilities, and assisting enterprises in intelligent transformation and upgrading. The Inspur Haiyue PaaS Platform ranks first in the Chinese low-code software market (IDC) and first in both market position and development ability in the Chinese aPaaS market (CCID). The Inspur Haiyue Data Middle Platform has been included in the "2025 (First) DataOps Case Collection" by the China Academy of Information and Communications Technology. During the Reporting Period, the Group has newly broken through large group customers such as China Datang Group, Guohua Energy and Zhuhai Water Affairs.

During the Reporting Period, Inspur Haiyue Intelligent ERP GS Cloud for large enterprises actively carried out product technology innovation. It reconstructed the software based on an AI-native architecture, established an AI hub with the business recording system as the core, integrated multiple models to form composite AI capabilities, and improved the product's core competitiveness. It continuously consolidated its core business capabilities, added a supplier collaboration module to open up the enterprise's external supply chain and enhance collaboration efficiency. It released a standardized and configurable integration asset library covering integration areas such as identity, process, message, and data, helping enterprises quickly complete system docking. It improved the international standard capabilities of the product, completed the transformation of the core architecture for international support in the financial field, solved problems such as differences in multinational accounting standards and local regulatory compliance faced by enterprises in global operations, and enhanced the overall international support capabilities. During the Reporting Period, the Group signed strategic customers such as China Energy Engineering Group, China Supply and Marketing Group, Beijing State-owned Assets Management Co., Ltd., Shanghai Lingang Economic Development (Group) Co., Ltd., Shanghai Tunnel Engineering Co., Ltd., and the State-owned Assets Supervision and Administration Commission of Liaoning Province.



MANAGEMENT'S DISCUSSION AND ANALYSIS

During the Reporting Period, Inspur Haiyue HCM, relying on the microservice architecture and AI-native technology, launched the new-generation human resources intelligent agent Moirai. Based on the multi-modal large model and retrieval-augmented generation technology, it integrates large language models, process orchestration engines, semantic search, knowledge graphs, and digital employee invocation capabilities, possessing the abilities of understanding, thinking, learning, and scheduling. It has reconstructed the interaction mode and operation logic of the traditional human resources system, forming an intelligent agent matrix covering the entire talent lifecycle. Inspur Haiyue HCM won the 2024-2025 Human Resources Technology Best Product Award, the New Generation Information Technology Innovation Product Award, and the WOD Manufacturing Digital Entropy Key Award for the Best New Product. It ranks among the top three in the market share of China's human capital application software (IDC). During the Reporting Period, it signed strategic customers such as China Southern Airlines, Hua Xia Bank Co., Ltd., Shaanxi Nonferrous Metals Group, and Shenzhen Electrician Electric Co., Ltd.

During the Reporting Period, the Intelligent State-owned Assets Online Supervision Platform V8.0 was launched. Relying on the Inspur Haiyue Large Model, it promoted the deep integration of AI and state-owned assets supervision business, created intelligent scenarios for state-owned assets supervision, and constructed an intelligent system for state-owned assets supervision covering key areas such as financial analysis and investment management. It achieved functions such as actively identifying potential risks and generating dynamic supervision reports, greatly enhancing the predictability and accuracy of supervision, providing strong data support and intelligent assistance for scientific decision-making, effectively improving the accuracy and effectiveness of state-owned assets supervision, and promoting a leapfrog improvement in supervision efficiency. During the Reporting Period, the Company newly signed strategic cooperation agreements with the state-owned assets supervision and administration commissions of Guizhou, Liaoning, and Suzhou, and renewed the cooperation agreement with the State-owned Assets Supervision and Administration Commission of Shaanxi Province. It has cumulatively served the construction of state-owned assets supervision platforms for 22 provincial-level state-owned assets supervision and administration commissions, 80 municipal-level state-owned assets supervision and administration commissions, and more than 30 central enterprises, ranking first in the market share of state-owned assets supervision.

(2) Small and Medium-sized Enterprises (SMEs) Market

During the Reporting Period, Inspur Haiyue inSuite Standard Edition V5.0, targeting high-growth enterprises, was officially launched. It deeply integrates AI technology, focuses on developing products in the fields of R&D & design and smart manufacturing, and provides end-to-end integrated solutions covering R&D & design, smart production and operation management. The intelligent agent cluster equipped in the product has achieved dual breakthroughs of "out-of-the-box use" and "in-depth customization" through the self-developed vertical domain large model engine: on the one hand, through intelligent agents covering key scenarios such as supply chain, production and finance, it quickly responds to the diversified needs of enterprises with multi-modal interaction and dynamic orchestration; on the other hand, by building an enterprise-specific knowledge base and combining private data to train industry models, it significantly improves the accuracy and reasoning efficiency of AI applications. It supports domestic databases and asynchronous non-blocking coroutine mode, featuring lightweight deployment and efficient collaboration. Specifically tailored for high-growth enterprises, it is a lightweight and cost-effective Enterprise Resource Planning (ERP) solution, which fully supports high-growth enterprises in their vigorous development towards the direction of "specialization, refinement, differentiation and innovation". Good results in market expansion have been achieved in the high-growth enterprise market of the discrete manufacturing industry (such as Sanyou Heavy Industry, Zhiren Jingxing, Huamei Shengye and other enterprises), life sciences industry (such as Rongchang Lida, Qunjing Pharmaceutical, Mingji Pharmaceutical and other enterprises) as well as food processing industry (such as Weihai Weidao, Zhongshengyuan and other enterprises).

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the Reporting Period, Inspur Yiyun focused on the integrated needs of small and micro enterprises (SMEs) for business, finance, invoices and taxation, and launched Cloud Business-Finance V6.0. Adhering to the design concept of "new visualization, new interaction and new integration", it creates a lightweight and transparent user experience. Based on the micro-frontend architecture, it realizes seamless integration of multiple products, unifies the interfaces and builds a "1+N" core product system. Through a unified data bus, it connects core modules such as finance, documents and inventory, enabling underlying data interconnection and full-link integrated functions, which significantly improves operational fluency and business collaboration efficiency, and enhances the product's competitiveness in the SME market. It also launched "Cloud Xiaoyi Intelligent Assistant", creating an intelligent business-finance expert digital human that provides five core scenario services: intelligent procurement, intelligent taxation, intelligent operation, financial report interpretation and intelligent Q&A. These services cover diversified needs of enterprises such as business operation analysis, decision-making suggestions, risk early warning and efficiency improvement, shaping a new paradigm for the digital and intelligent transformation of SMEs. During the Reporting Period, Inspur Yiyun deepened its presence in the financial industry and continued to strengthen in-depth cooperation with strategic clients such as Bank of Communications and Postal Savings Bank of China. It also launched Cloud Accounting and Cloud Purchase-Sale-Inventory products on ecological platforms including DingTalk and WPS, enhancing the product's coverage and customer acquisition capabilities on mainstream office platforms.

II. Management Software Business

During the Reporting Period, the management software business recorded revenue of RMB1,197,849,000, representing a 0.34% decrease compared with the corresponding period of previous year (corresponding period in 2024: RMB1,201,892,000).

During the Reporting Period, leveraging the intelligent advantages of the Haiyue Large Model and in conjunction with Haiyue GS Cloud, the Group developed a series of scenario-based applications that empower the enhancement of intelligence level in the field of enterprise operation and management, thereby facilitating the intelligent transformation of enterprise operation and management. In terms of Digital and Intelligent Finance, the Group enhanced the operational capabilities of financial sharing, and developed internal and external shared operational functions such as credit large models, intelligent quality inspection, digital employees, and billing management, so as to support the transformation of financial sharing centers from cost centers to profit centers. It also expanded the business scenarios of treasury management, strengthened core capabilities including business-finance integration, overseas fund management, financing management factory, and ecological interconnection, and improved the monitoring system for fund fraud and compliance risks. In terms of the core ERP, the Group developed a supply chain integrated planning system, which includes functions such as intelligent demand forecasting, production-sales collaboration, MRP intelligent optimization, and intelligent warehouse inventory. This system enables efficient collaboration between demand and supply, and fully supports the business models of "production based on sales" and "production-sales linkage". The MRP calculation engine has been comprehensively upgraded, with 5 new planning strategies and over 10 MRP-specific functions added. It supports the efficient calculation of large-scale BOM (Bill of Materials), achieving a dual leap in computing efficiency and support mode. The Group ranks first among domestic vendors in the supply chain planning software market (IDC). During the Reporting Period, the Group entered into contracts with strategic customers such as COFCO Group, and China National Heavy Duty Truck Group.



MANAGEMENT' S DISCUSSION AND ANALYSIS

During the Reporting Period, Inspur Communications Information focused on key areas including low-altitude economy, autonomous networks, computing power networks, large models and data centers, and launched a series of products and solutions: it released the Low-Altitude Intelligent Network Integrated Operation Service Platform V2.0, which aims to achieve "network-connected intelligent management, multi-domain perception, collaborative security and industrial development" and provides professional technical product services for the low-altitude field; launched the Digital & Intelligent Online Design and Review Platform V1.0, which leverages full-process intelligent and standardized methods to help the communications engineering sector enter a new stage of efficient collaboration and digital-intelligent transformation; released the Intelligent Computing Center Intelligent O&M Platform V1.0, offering comprehensive, efficient and intelligent operation and maintenance solutions for intelligent computing data centers; unveiled the Integrated Computing-Network Intelligent Support Platform, which enables efficient collaboration between the front-end and back-end and promotes computing power networks to become inclusive social services; and launched the Financial Indicator Intelligent Decision Analysis Platform, which relies on advanced large language models and data engine technologies to build an indicator center covering financial business management, indicator development, processes and operation and maintenance. Inspur Communications Information won the Diamond Medal, the highest honor in the TM Forum Open API field, ranking third globally, and successfully passed the PinkVERIFY certification by Pink Elephant, marking that its IT service management solutions have reached an industry-leading level in adhering to ITIL best practices.

During the Reporting Period, the Digital Services segment anchored its core position in software and information technology service outsourcing, deeply implemented the innovation-driven development strategy, and participated in the formulation of the national standard "Automation Systems and Integration-Digital Twin Framework for Manufacturing" for the first time. During the Reporting Period, it actively expanded the market of central and state-owned enterprises, and successfully signed contracts with central and state-owned enterprises clients including COFCO Group, CHALCO (Aluminum Corporation of China Limited), China Energy Engineering Corporation Limited, China General Technology (Group) Holding, Ltd., Shandong Heavy Industry Group, and Zhongtai Securities; it also strengthened high-level exchanges to consolidate customer relationships, and carried out in-depth cooperation with a number of strategic clients such as Haier Group and Zhuowang Information, achieving steady business growth.

III. Internet of Things (IoT) Solutions Business

During the Reporting Period, the Internet of Things (IoT) solutions business recorded an income of RMB1,871,697,000, representing a year-on-year decrease of 4.46% (corresponding period in 2024: RMB1,959,078,000).

During the Reporting Period, targeting large-scale equipment manufacturing, discrete manufacturing and process manufacturing, the Group focused on segmented industries, developed integrated intelligent manufacturing solutions for multiple industries including power transmission and transformation, coal machinery and CNC machine tools, and further consolidated its leading capability in intelligent manufacturing solutions for the machinery manufacturing industry. It created automated production line solutions for the fastener industry, automated logistics scheduling solutions and automated production feeding solutions, with capabilities in production line design, automated logistics design, and integration of factory process equipment and automation, providing comprehensive support for the in-depth and solid development of smart factories. The Group has built benchmark cases of national-level intelligent manufacturing demonstration factories such as Tianjin TBEA and Xikai Co., Ltd.; the intelligent factory project of Shanxi Coal Machinery won the China Future Digital Industry Navigator Award (IDC); and Inspur Haiyue MOM Solution ranked first in the Chinese market in the equipment manufacturing field (covering segmented industries such as shipbuilding, infrastructure equipment and power transmission and transformation) (IDC).

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the Reporting Period, the Group launched the "Intelligent Grain Storage Large Model V3.0" and "Grain Enterprise Operation Management Intelligent Agent Group", achieving a breakthrough from zero to one in intelligent scenarios of products based on private large models, and enhancing the market competitiveness of products through AI empowerment. In terms of existing market segmented scenarios, it introduced configuration technology to realize the configuration process control of controlled atmosphere and circulation on the web end; through the integrated application of various equipment for warehousing operations and digital twin technology, it achieved integrated monitoring and control of equipment, realizing the effect of "controlling the physical with the virtual"; it innovated applications such as intelligent construction site supervision and grain and oil quality inspection management, realizing the in-depth penetration and expansion of the existing market. In terms of software-hardware integration, it completed the localization transformation of hardware products including warehouse comprehensive control cabinets, warehouse AI all-in-one machines, and warehouse AI IoT gateways; upgraded the comprehensive control cabinet architecture to reduce costs by one-third. It won multiple honors such as the CCID Consulting Digital Innovation Practice Case Award and the Economic Observer Qihui List Digital Transformation Innovation Case, further consolidating its leading market position and continuously expanding its market influence. During the Reporting Period, the Group signed contracts with Fujian Provincial Grain Reserve Management Co., Ltd. and Anhui Provincial Grain Reserve Management Co., Ltd., deeply engaging in the digitalization of the grain industry and continuously empowering the "National Grain Barn".

During the Reporting Period, Inspur Communications Information signed and initiated the construction of several major projects in the fields of operation support and data centers, and also achieved significant breakthroughs in new areas such as smart parks and intelligent operation and maintenance. Among them, a contract was signed for the Intelligent Computing Center Project of Ya'an Data Lake Medical-Industrial and Industry-Education Integration Training Base, with the Yaotai prefabricated modular data center owned by Inspur Communications Information as the construction content, marking the maturity of the modular data center product and its readiness for large-scale market promotion. A contract was also signed for the Phase II Project of the Computer Room of the National Marine Environmental Forecasting Center, indicating the deep recognition and acceptance of the data center construction capabilities of Inspur Communications Information by high-end customer groups. In addition, a contract was signed for the Mianyang High-Tech Zone Public Data Center Project, which is undertaken in the EPC+O (Engineering, Procurement, Construction + Operation) mode, reflecting the local government's recognition of Inspur's multi-mode construction capabilities for data centers.

During the Reporting Period, Inspur Communications Information achieved remarkable results in expanding overseas markets, signing cooperation agreements with companies such as Beta Industrial, Clear Vision, BMC, and Mobily. Through ecological cooperation in product R&D, market promotion and other aspects, it realized the expansion and extension of the industrial chain. A contract was signed and construction commenced for the Algerian Medical Data Center and Informatization Project. The project scope covers the intelligent informatization construction of hospitals, including supporting data centers, IT equipment, comprehensive wiring, and weak current intelligence. This is the first data center and intelligent project of Inspur Communications Information to be implemented in the Northwest Africa region.

BUSINESS PLAN

The Group will adhere to the "AI First" strategy, accelerating the empowerment of AI across all industries, all businesses, and all processes. With first-class products, services, and full-stack solutions, the Group will empower enterprises to achieve high-quality development, further consolidate and expand its market advantages in central and state-owned enterprises, make a good start in overseas business, enhance organizational support capabilities, safeguard the Company's high-quality development, and strive to open up a new situation for the development of a world-class software enterprise.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 June 2025, the interests and short positions of the directors and the chief executive and their associates in the shares and underlying shares of the Company or any of its associated corporations, as recorded in the register pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code contained in the Listing Rules were as follows:

Long positions in the underlying shares of equity and equity derivatives of the Company

Name of directors	Capacity	Details of equity and equity derivatives	Number of underlying shares (Note)	Subscription price per share HK\$
Wong Lit Chor, Alexis	owner	equity	200,000	
Zhang Ruijun	owner	share option	200,000 ^{*1}	3.16
Ding Xiangqian	owner	share option	200,000 ^{*1}	3.16
Wei Daisen	owner	share option	450,000 ^{*2}	4.72
Cui Hongzhi	owner	share option	500,000 ^{*2}	4.72
Wang Yusen	owner	share option	250,000 ^{*2}	4.72
Zou Bo	owner	share option	200,000 ^{*2}	4.72

Note: (1) As at 16 October 2018, the share options were granted to directors under 2008 Share Option Scheme.

(2) As at 11 January 2023, the share options were granted to directors and chief executive under 2018 Share Option Scheme.

Save as disclosed above, as at 30 June 2025, none of the directors or the chief executive or its associates had any interests or short positions in any shares or underlying shares of equity derivatives of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders other than the directors of the Company had notified the Company of relevant interests in the issued capital of the Company.

Long position in shares and underlying shares of the Company

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Type of Interests	Number of ordinary shares beneficially held by the Company	Percentage of the issued share capital
Inspur Group Limited	Beneficial owner (Note 1)	428,278,400	37.44%
Inspur International (Hong Kong) Co., Limited	Beneficial owner (Note 1)	193,401,286	16.91%

Note 1: Inspur Group Limited is taken to be interested in 621,679,686 shares due to its indirect 100% shareholdings in the issued share capital of Inspur International (Hong Kong) Co., Limited.

OTHER INFORMATION

As at 30 June 2025, no persons have any other relevant interests or short positions in shares or underlying shares of equity derivatives of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

COMPETITIVE INTERESTS

During the Reporting Period, none of the Directors, General Managers, substantial shareholders of the Company or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group.

SHARE OPTION SCHEMES

The Share Option Scheme (the "Option Scheme") of the Company was adopted by the Company pursuant to the written resolutions of all shareholders passed on 10 November 2008 and 15 November 2018 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. The Option Scheme shall be valid and effective for a period of ten years after the date of its adoption. Under the Option Scheme, the board of directors of the Company may grant options to eligible participants including employees, executives or officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, and any suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company. There is no specific service provider submit of the number of share options available under the Option Scheme of the Group.

On 16 October 2018, a total of 30,000,000 share options were granted to certain employees and directors of the Group under the 2008 Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$3.16 per share. During the six months ended 30 June 2025 of the Reporting Period, 200,000 options were exercised and no options lapsed. As of 30 June 2025, the remaining 400,000 share options had not been exercised.

On 28 August 2020, a total of 2,400,000 share options were granted to certain employees of the Group under the 2018 Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$2.29 per share. During the six months ended 30 June 2025 of the Reporting Period, no options were exercised and no options lapsed. As of 30 June 2025, the remaining 655,100 share options had not been exercised.

On 11 January 2023, a total of 33,440,000 share options were granted to certain employees of the Group under the 2018 Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$4.72 per share. During the six months ended 30 June 2025 of the Reporting Period, 1,664,600 share options were exercised, no share options lapsed, and 866,500 share options were cancelled. As of 30 June 2025, the remaining 26,350,900 share options had not been exercised.

OTHER INFORMATION

A breakdown of the number of share options outstanding during the six months ended 30 June 2025, including the date of grant, exercise price, exercise period and vesting period, separate amounts of share options granted, exercised, cancelled and lapsed during the period for each of the Directors and chief executives and the aggregate amounts for employees, are set out below:

Category/ Participant	Number of share options						Outstanding as at 30 June 2025	Exercise price per share (HK\$)	Exercise Period	Vesting Period
	Outstanding as at 1 January 2025	Date of Grant	Granted	Exercised	Cancelled	Lapsed				
Directors and chief executives										
Wong Lit Chor, Alexis	200,000	16 Oct 2018	—	200,000	—	—	0	3.16	16 Oct 2018 to 15 Oct 2028	Note 1
Zhang Ruijun	200,000	16 Oct 2018	—	—	—	—	200,000	3.16	16 Oct 2018 to 15 Oct 2028	Note 1
Ding Xiangqian	200,000	16 Oct 2018	—	—	—	—	200,000	3.16	16 Oct 2018 to 15 Oct 2028	Note 1
Wei Daisen	450,000	11 Jan 2023					450,000	4.72	11 Jan 2023 to 10 Jan 2028	Note 2
Cui Hongzhi	500,000	11 Jan 2023					500,000	4.72	11 Jan 2023 to 10 Jan 2028	Note 2
Wang Yusen	250,000	11 Jan 2023					250,000	4.72	11 Jan 2023 to 10 Jan 2028	Note 2
Zou Bo	200,000	11 Jan 2023					200,000	4.72	11 Jan 2023 to 10 Jan 2028	Note 2
Sub-total	2,000,000		—	200,000	—	—	1,800,000			
Employees	655,100	28 Aug 2020	—	—	—	—	655,100	2.29	28 Aug 2020 to 27 Aug 2030	Note 3
Employees	27,482,000	11 Jan 2023		1,664,600	866,500		24,950,900	4.72	11 Jan 2023 to 10 Jan 2028	Note 2
Sub-total	28,137,100		—	1,664,600	866,500	—	25,606,000			
Total	30,137,100		—	1,864,600	866,500	—	27,406,000			

Notes:

- One third of the options exercisable from the date of grant to expiry of option period (both dates inclusive); one third of the options exercisable from the first anniversary of the date of grant to expiry of option period (both dates inclusive); and the remaining one third of the options exercisable from the second anniversary of the date of grant to expiry of option period (both dates inclusive).
- On the premise of achieving performance goals, 40% of the options are exercisable from the date of grant to expiry of option period (both dates inclusive); 30% of the options are exercisable from the first anniversary of the date of grant to expiry of option period (both dates inclusive); and the remaining 30% of the options are exercisable from the second anniversary of the date of grant to expiry of option period (both dates inclusive).
- Conditional upon the achievement of certain performance targets during the exercise period to be determined by the Board at its absolute discretion. If the performance target is not achieved for three (3) consecutive years, the options granted will automatically lapse with immediate effect.

OTHER INFORMATION

Since no share option was granted under the 2018 Option Scheme during the Reporting Period, the percentage of the number of Shares that may be issued in respect of options of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue during the Reporting Period was 0%.

According to the scheme mandate limit of the 2018 Option Scheme (being 113,892,073 share options), less the 35,840,000 share options granted by the Company, the Company may further grant 78,052,073 share options as at 30 June 2025 (as at 1 January 2025: 78,052,073).

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the written terms of reference of the Listing Rules. The Audit Committee is primarily responsible for reviewing and supervising the Group's financial reporting process and internal control system. The Audit Committee comprises three independent non-executive directors, namely Mr. Wong Lit Chor, Alexis, Ms. Zhang Ruijun and Mr. Ding Xiangqian. Mr. Wong Lit Chor, Alexis is the chairman of the Audit Committee.

The Audit Committee has reviewed this report and has provided its recommendations and opinion thereon.

CODE OF CORPORATE GOVERNANCE PRACTICES

As of 30 June 2025, the Company has complied with the Code Provisions of Corporate Governance Code (the "Code") (for the version applicable to the Reporting Period) as set out in Appendix C1 to the Listing Rules for Main Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in relation to Securities Transactions by Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company has confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2025.

By Order of the Board
Inspur Digital Enterprise Technology Limited
Zhao Zhen
Chairman

Hong Kong, 31 August 2025

As at the date of this report, the Board comprised Mr. Zhao Zhen, Mr. Wang Yusen and Mr. Cui Hongzhi as executive Directors; Ms. Li Chunxiang as non-executive Director and Mr. Wong Lit Chor, Alexis, Ms. Zhang Ruijun and Mr. Ding Xiangqian as independent non-executive Directors.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	NOTES	For the six months ended	
		30 June 2025 RMB'000	30 June 2024 RMB'000
Turnover	3	4,343,457	4,141,171
Cost of sales		(3,328,551)	(3,229,490)
Gross profit		1,014,906	911,681
Other income	4	60,108	94,416
Other gains and losses		(278)	(119)
Impairment losses	11	(30,884)	(8,953)
Administrative expenses		(199,444)	(200,318)
Research and development expenses		(397,502)	(435,791)
Selling and distribution costs		(256,939)	(244,763)
Financial costs		(8,856)	(3,199)
Change in fair value of investment properties		(2,267)	(10,098)
Share of profit of associates		3,778	3,584
Share of profit of a joint venture		3,378	268
Profit before tax		186,000	106,708
Income tax expenses	5	(1,752)	(737)
Profit for the period	6	184,248	105,971
Profit for the period attributable to owners of the Company		183,142	105,702
Profit for the period attributable to non-controlling interests		1,106	269
Earnings per share			
– Basic (RMB cents)	8	16.04	9.26
– Diluted (RMB cents)		15.97	9.26

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Profit for the period	184,248	105,971
Other comprehensive (expense) income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	(2,725)	(219)
	<u>(2,725)</u>	<u>(219)</u>
Total comprehensive income for the period	<u>181,523</u>	<u>105,752</u>
Total comprehensive income (loss) for the period attributable to:		
– Owners of the Company	180,417	105,483
– Non-controlling interests	<u>1,106</u>	<u>269</u>
	<u>181,523</u>	<u>105,752</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTES	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		263,625	257,659
Investment properties		779,253	781,794
Right-of-use assets		47,149	47,868
Other intangible assets		114,250	73,026
Financial assets at fair value through profit or loss		1,000	1,000
Interest in associates		460,432	456,654
Interest in joint ventures		140,992	137,614
		1,806,701	1,755,615
Current assets			
Inventories		5,244	2,816
Trade and bills receivables	9	3,381,462	3,141,322
Debt instruments at FVTOCI		3,554	10,354
Prepayments, deposits and other receivables		551,412	488,577
Contract assets	11	1,550,763	1,059,191
Amount due from ultimate holding company	10	22,878	19,728
Amount due from fellow subsidiaries	10	595,696	619,497
Pledged bank deposits		46,292	99,291
Bank balances and cash		859,481	908,405
		7,016,782	6,349,181
Current liabilities			
Trade payables	13	2,537,081	2,606,646
Other payables, deposits received and accrued expenses		603,780	927,314
Lease liabilities		8,789	10,518
Contract liabilities	11	1,322,970	1,144,112
Borrowings	15	730,650	—
Estimated liabilities		11,322	12,580
Amount due to ultimate holding company	14	45,723	2,488
Amount due to fellow subsidiaries	14	302,307	333,196
Amount due to associates		280,962	104,472
Deferred income - government special appropriation		8,400	20,578
Tax payable		6,203	121,295
Dividends payable		37,978	—
		5,896,165	5,283,199
Net current assets		1,120,617	1,065,982
Total assets less current liabilities		2,927,318	2,821,597

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTES	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities		6,798	5,295
Deferred income - government special appropriation		32,952	34,595
Deferred tax liabilities		170,819	170,288
Amount due to associates		—	26,672
Borrowings	15	19,847	—
		<u>230,416</u>	<u>236,850</u>
		<u>2,696,902</u>	<u>2,584,747</u>
Capital and reserves			
Share capital	16	10,813	10,796
Reserves		2,612,467	2,501,435
Equity attributable to owners of the Company		<u>2,623,280</u>	<u>2,512,231</u>
Non-controlling interests		73,622	72,516
Total equity		<u>2,696,902</u>	<u>2,584,747</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000 (note a)	Special reserve RMB'000 (note b)	Share option reserve RMB'000	Translation reserve RMB'000	Revaluation reserve RMB'000	Merger reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000		
On 1 January 2024	10,796	1,371,809	(498,594)	98	29,277	11,248	97,626	(347,589)	1,372,893	2,047,564	50,107	2,097,671
Profit for the period	—	—	—	—	—	—	—	—	105,702	105,702	269	105,971
Other comprehensive expense	—	—	—	—	—	(219)	—	—	—	(219)	—	(219)
Total comprehensive (expense) income for the period	—	—	—	—	—	(219)	—	—	105,702	105,483	269	105,752
Dividends payable	—	—	—	—	—	—	—	—	(31,255)	(31,255)	—	(31,255)
Recognition of equity-settled share-based payments	—	—	—	—	13,622	—	—	—	—	13,622	—	13,622
	—	—	—	—	13,622	—	—	—	(31,255)	(17,633)	—	(17,633)
On 30 June 2024	10,796	1,371,809	(498,594)	98	42,899	11,029	97,626	(347,589)	1,447,340	2,135,414	50,376	2,185,790
On 1 January 2025	10,796	1,371,809	(476,830)	98	51,625	16,434	159,540	(347,589)	1,726,348	2,512,231	72,516	2,584,747
Profit for the period	—	—	—	—	—	—	—	—	183,142	183,142	1,106	184,248
Other comprehensive expense	—	—	—	—	—	(2,725)	—	—	—	(2,725)	—	(2,725)
Total comprehensive (expense) income for the period	—	—	—	—	—	(2,725)	—	—	183,142	180,417	1,106	181,523
Dividends payable	—	—	—	—	—	—	—	—	(84,229)	(84,229)	—	(84,229)
Recognition of equity-settled share-based payments	—	—	—	—	3,400	—	—	—	—	3,400	—	3,400
Proceeds from the issue of shares	17	—	—	—	11,444	—	—	—	—	11,461	—	11,461
	17	—	—	—	14,844	—	—	—	(84,229)	(69,368)	—	(69,368)
On 30 June 2025	10,813	1,371,809	(476,830)	98	66,469	13,709	159,540	(347,589)	1,825,261	2,623,280	73,622	2,696,902

Notes:

- Other reserve arose from the acquisition of partial interest in a subsidiary without changes in control.
- The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation prior to the listing of the Company's shares in 2003.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	30 June 2025 RMB'000	30 June 2024 RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES	(881,040)	(742,250)
CASH FLOWS USED IN INVESTING ACTIVITIES	(70,414)	(4,156)
CASH FLOWS FROM FINANCING ACTIVITIES	900,447	10,722
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,007)	(735,684)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	908,405	1,264,504
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,083	(116)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	859,481	528,704
BANK BALANCE AND CASH	859,481	528,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL

Inspur Digital Enterprise Technology Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The directors of the Company consider that Inspur Group Limited (“**Inspur Group**”), a company established in the People’s Republic of China (the “**PRC**”) is the immediate holding company and ultimate holding company of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the Interim Report.

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

The Company is an investment holding company. The principal activities of the subsidiaries (together with the Company, referred to as the “**Group**”) are engaged in enterprise management software, cloud services and Internet of Things (IoT) solutions.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments, which are measured at fair value, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025



3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable operating segments.

	For the six months ended 30 June 2025			
	Cloud services RMB'000	Management software RMB'000	Internet of things (IoT) solution RMB'000	Consolidated RMB'000
Segment revenue	1,273,911	1,197,849	1,871,697	4,343,457
Segment profit	19,916	184,778	17,923	222,617
Unallocated other income, gains				15,252
Change in fair value of investment properties				(2,267)
Share of profit of associates				3,778
Share of profit of joint ventures				3,378
Share-based payments				(7,568)
Unallocated administrative expenses				(9,450)
Impairment losses				(30,884)
Finance costs				(8,856)
Profit before tax				186,000

	For the six months ended 30 June 2024			
	Cloud services RMB'000	Management software RMB'000	Internet of things (IoT) solution RMB'000	Consolidated RMB'000
Segment revenue	980,201	1,201,892	1,959,078	4,141,171
Segment profit	(70,738)	173,955	20,394	123,611
Unallocated other income, gains				26,009
Change in fair value of investment properties				(10,098)
Share of profit of associates				3,584
Share of loss of joint ventures				268
Share-based payments				(13,622)
Unallocated administrative expenses				(10,892)
Impairment losses				(8,953)
Finance costs				(3,199)
Profit before tax				106,708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. OTHER INCOME

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Other income:		
Interest income on bank deposits	2,935	4,841
Value-added tax with additional deduction	—	1,930
Value-added tax refund	18,172	16,613
Government special appropriation	20,633	46,727
Rental income	10,865	20,300
Others	7,503	4,005
	60,108	94,416

5. INCOME TAX EXPENSES

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Current tax:		
PRC Enterprise Income Tax (EIT)	864	5,565
Under provision in prior year:		
PRC Enterprise Income Tax (EIT)	888	(11,028)
Deferred tax	—	6,200
	1,752	737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025



6. PROFIT FOR THE PERIOD

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as cost of sales	1,762,075	1,834,047
Depreciation for property, plant and equipment	15,325	15,686
Amortisation for other intangible assets	11,747	9,567

7. DIVIDENDS

The Board of directors does not recommend the payment of any dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted profit per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company and on the number of shares as follows:

The calculation of basic and diluted profit per share attributable to the owners of the Company is based on the following data:

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Earnings		
Profit for the period attributable to the owners of the Company	183,142	105,702

	For the six months ended	
	30 June 2025 '000	30 June 2024 '000
Number of shares		
Number of ordinary shares used in basic earnings per share	1,141,950	1,141,921
Effect of dilutive potential ordinary shares arising from the outstanding share options	5,156	151
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	1,147,106	1,142,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30-210 days to its trade customers. As at 30 June 2025, trade receivables aged over one year amounted to RMB366,596,000 (31 December 2024: RMB313,664,000).

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition date.

	30 June 2025 RMB'000	31 December 2024 RMB'000
0-30 days	1,277,583	1,609,251
31-60 days	287,894	429,004
61-90 days	192,787	162,446
91-120 days	139,096	125,933
121-180 days	332,486	169,652
Over 180 days	1,151,616	645,036
	<u>3,381,462</u>	<u>3,141,322</u>

10. AMOUNTS DUE FROM THE ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Amount due from ultimate holding company	22,878	19,728
Amount due from fellow subsidiaries	595,696	619,497
	<u>618,574</u>	<u>639,225</u>

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
CONTRACT ASSETS		
Current - software development	<u>1,550,763</u>	<u>1,059,191</u>
CONTRACT LIABILITIES		
Current - software development	<u>1,322,970</u>	<u>1,144,112</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025



12. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	For the six months ended	
	30 June 2025 RMB'000	30 June 2024 RMB'000
Impairment loss in respect of		
Trade receivables	13,384	680
Contract assets	17,500	8,273
	<u>30,884</u>	<u>8,953</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

13. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables, presented based on the invoice date.

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade payables		
0-60 days	1,261,585	2,079,506
61-90 days	89,295	33,887
Over 90 days	1,186,201	493,253
	<u>2,537,081</u>	<u>2,606,646</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. AMOUNTS DUE TO THE ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

The following is an aging analysis of amounts due to the ultimate holding company and fellow subsidiaries for the purchase of goods and services at the reporting date.

	30 June 2025 RMB'000	31 December 2024 RMB'000
Amount due to ultimate holding company	45,723	2,488
Amount due to fellow subsidiaries	302,307	333,196
	<u>348,030</u>	<u>335,684</u>

15. BORROWINGS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Current		
Bank borrowings	730,650	—
Non-current		
Bank borrowings	19,847	—
	<u>750,497</u>	<u>—</u>

The Group's bank borrowings bear actual interest rate ranging from 2.50% to 3.30%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025



16. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	30 June 2025 '000	30 June 2024 '000	30 June 2025 RMB'000	30 June 2024 RMB'000
Ordinary shares of HK\$0.01 each:				
Authorised	2,000,000	2,000,000	15,806	15,806
At the beginning of the period	1,141,921	1,141,921	10,796	10,796
At the end of the period	1,143,785	1,141,921	10,813	10,796

17. RELATED PARTY TRANSACTIONS/BALANCES

Apart from the amounts due from and to related parties as disclosed in the condensed consolidated statement of financial position, certain of which also constitute connected transaction under Chapter 14A of Listing Rule of HKEX, the Group had entered into the following related party transactions during the period:

	Notes	For the six months ended	
		30 June 2025 RMB'000	30 June 2024 RMB'000
Supply Transactions	(i)	164,871	249,497
Selling Agency transactions			
(1) Accumulated transactions amount	(ii)	109,815	307,181
(2) Related commission amount		—	3,072
Purchase Transactions	(iii)	165,247	240,209
Common Services Transactions	(iv)	8,549	8,189
Leasing Services Transactions	(v)	10,085	20,374
Business Travel Services Transaction		1,502	7,164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. RELATED PARTY TRANSACTIONS/BALANCES (continued)

Notes:

- (i) The Group supplied goods for Inspur Group with reference to the market price.
- (ii) The Group engaged Inspur Group as the sales agent for the Group's products and services and Inspur Group received a commission of not more than 1% of the total sales value of the products and services.
- (iii) The Group would purchase computer software and hardware products from the Inspur Group. The unit price of computer products and components to be supplied by the Inspur Group would be agreed between parties with reference to the then prevailing market prices of such products at the relevant time.
- (iv) Inspur Group would provide services to the Group in relation to the use of the property on normal commercial terms and on arm's length terms or on terms no less favourable to the Group than those for provision of similar services by Inspur Group to other parties or by other parties to the Group.
- (v) The Group would provide leasing services (leasing services) for the Group's property to Inspur Group at rates negotiated on normal commercial terms and on arm's length terms or on terms no less favourable than those for provision of similar services to other parties.

On 28 July 2022, the Company entered into the Framework Financial Services Agreement with Inspur Group Finance Co., Ltd. (hereinafter referred to as "**Inspur Finance Company**"), pursuant to which Inspur Finance Company agrees to provide several categories of financial services including Deposit Services, Loan Facility Services, Settlement Services, and Other Financial Services on a non-exclusive basis to the Group for a term of three years ending on 31 December 2025.

Details of such major connected transaction were disclosed in the Company's announcement dated 28 July 2022 and circular dated 31 August 2022 (the "**Circular**").

According to the deposit service, the maximum daily deposit balance (including any accrued interest) deposited with Inspur Finance Company from the effective date of the framework financial service agreement to 31 December 2025, the recommended upper limit does not exceed RMB500,000,000. The board of directors confirmed that as of 30 June 2025, the daily deposit balance of the Group in Inspur Finance Company (including any accrued interest) did not exceed the upper limit.

Inspur Finance Company will provide loan financing services to the Group from time to time under the loan financing services. The total outstanding amount under the loan financing services shall not exceed RMB500,000,000. As of 30 June 2025, the Group's total accumulated borrowings from Inspur Finance Company amounted to RMB280,957,000, which did not exceed the cap.



inspur 浪潮