NEWLINK TECHNOLOGY INC.
新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9600

2024
ANNUAL REPORT

*For identification purpose only

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DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"2024 AGM"	the AGM held on 24 June 2024
"2025 AGM"	the AGM to be held on 9 June 2025
"AGM"	the annual general meeting of the Company
"Articles" or "Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Beijing Newlink"	Beijing Newlink Technology Co., Ltd.*（北京新紐科技有限公司）, a limited liability company established under the laws of the PRC on 15 August 2011 and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors of the Company
"Companies Act"	The Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
"CEO"	chief executive officer of the Company
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Mainland China"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company", "Newlink Technology" or "Listed Company"	Newlink Technology Inc.（新紐科技有限公司*）, an exempted company incorporated under the laws of Cayman Islands with limited liability on 8 November 2019, and where the context otherwise requires, the Group
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhai and Nebula SC
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong public offering and the international offering of Shares in connection with the IPO
"Group" or "we"	the Company and its subsidiaries

DEFINITIONS

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IPO"	the Company's initial public offering of its Shares
"Listing Date"	6 January 2021, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Mr. Zhai"	Mr. ZHAI Shuchun (翟曙春), the chairman of the Board, executive Director, CEO and one of the Controlling Shareholders
"Nebula SC"	Nebula SC Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 6 November 2019 and wholly-owned by Mr. Zhai
"Neusoft Yuetong"	Beijing Neusoft Yuetong Software Technology Co., Ltd.* (北京東軟越通軟件技術有限公司), a company established under the laws of the PRC with limited liability on 23 July 2009. In June 2022, Newlink Technology (Beijing) entered into an equity transfer and capital increase agreement with the shareholders of Neusoft Yuetong and Neusoft Yuetong to conditionally purchase 100% equity interest in Neusoft Yuetong
"Newlink Technology (Beijing)"	Newlink Technology (Beijing) Co., Ltd.* (紐領科技(北京)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Share Option Scheme"	the post-IPO share option scheme conditionally adopted by the Company on 5 December 2020
"Prospectus"	the prospectus of the Company dated 21 December 2020
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period" or "Current Year"	the year ended 31 December 2024

DEFINITIONS

"RMB"	Renminbi, the lawful currency of the PRC
"RPA" or "Robotic Process Automation"	the application of technology that allows IT engineers to configure computer software or a robot to capture and interpret existing applications and data for processing a transaction, manipulating data, triggering responses and communicating with other systems
"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)"	ordinary share(s) of par value US$0.000001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

* *For identification purposes only*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. ZHAI Shuchun *(Chairman and CEO)*
Ms. QIN Yi
Mr. LI Xiaodong

Independent Non-executive Directors
Mr. TANG Baoqi
Ms. YANG Juan
Mr. YOU Linfeng

COMPANY SECRETARY

Ms. ZHANG Xiushi

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. ZHAI Shuchun
Ms. ZHANG Xiushi

AUDIT COMMITTEE

Mr. YOU Linfeng *(Chairman)*
Mr. TANG Baoqi
Ms. YANG Juan

REMUNERATION COMMITTEE

Ms. YANG Juan *(Chairwoman)*
Mr. ZHAI Shuchun
Mr. TANG Baoqi

NOMINATION COMMITTEE

Mr. TANG Baoqi *(Chairman)*
Mr. ZHAI Shuchun
Ms. YANG Juan

HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Registered Public Interest Entity Auditor
42nd Floor, Central Plaza
18 Harbour Road`
Wanchai
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

5/F, Tower A, Xueqing Jiachuang Building
Xueqing Road
Haidian District, Beijing
the PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 06 on 20th Floor of Harbour Centre
No. 25 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL BANKS

China CITIC Bank
Beijing Guanhuguoji Sub-branch
1/F and 2/F
Building A-1, Yard 88
North East Fourth Ring Road
Chaoyang District, Beijing
the PRC

Huaxia Bank
Beijing Zhichun Sub-branch
Lixiang Building
No. 111 Zhichun Road
Haidian District, Beijing
the PRC

China Merchants Bank
Beijing Shangdi Sub-branch
South End of Xinxi Road, Shangdi, 1/F, Block B
Building 2, Guiguliangcheng, 1 Nongda Road
Haidian District, Beijing
the PRC

China Merchants Bank
Dalian Branch Xinghai Sub-branch
700 Zhongshan Road, Shahekou District
Dalian City, Liaoning Province
the PRC
(next to Exit A of Heishijiao Metro Station)

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

Stock code: 9600

WEBSITE

www.newlinktech.com.cn

MILESTONES IN 2024

Timeline	Events
February	Beijing Newlink won the "2023 Outstanding Service Partner Award（2023年度優秀服務夥伴獎）" awarded by a major joint-stock bank client
March	Newlink Technology and Mr. ZHAI Shuchun（翟曙春）, an executive Director, the chairman of the Board and the CEO, were respectively awarded "Hainuo Award – 2024 Outstanding Digital Innovation Enterprise（海諾獎 – 2024傑出數字化創新企業）" and "Hainuo Award – 2024 Leader of Excellent Innovation（海諾獎 – 2024卓越創新力領導人物）" in 2024 (the 5th) Brand Innovation Development Conference（2024（第五屆）品牌創新發展大會）"Hainuo Award" selection
	Beijing Newlink established a controlled subsidiary in Shanxi – Shanxi Newlink Zhixun Technology Co., Ltd.*（山西新紐智訊科技有限公司）. This establishment was a further supplement to the strategic layout of the Group in the North China market
May	The Company successfully completed the placing of 157,302,880 new shares and the net proceeds from the placing (after deduction of the placing commission and other related expenses) amounted to approximately HK$43.60 million, all of which were used to replenish the Group's general working capital and improve the Group's financial position.
June	Newlink Technology and Mr. ZHAI Shuchun（翟曙春）, an executive Director, the chairman of the Board and the CEO, were respectively awarded "2024 Outstanding Medical Technology Innovation Award（2024傑出醫療科技創新獎）" and "2024 Influential Person of Technology Innovation（2024科技創新影響力人物）" in the selection of the 13th Financial Summit and Innovative Entrepreneurs Festival（第十三屆財經峰會暨創新企業家節）
	Beijing Newlink's self-developed "the AI-based Medical Record Quality Comprehensive Management Platform V5.5（基於AI結構化的醫療病歷質量綜合管理平台V5.5）" completed the compatibility test of various versions of KylinSoft Corporation（麒麟軟件有限公司）'s advanced server operating system of and obtained the compatibility certification issued by KylinSoft Corporation
July	Newlink Technology was successfully selected as one of the "2024 China's Top 100 Enterprises of FinTech Competitiveness（2024中國金融科技競爭力百強企業）" in a series of activities of the Forum of Zhongguancun Forum 2024 – the Digital Finance and Financial Security Conference（2024中關村論壇系列活動 – 數字金融與金融安全大會）
August	The "Production Parallel Traffic Replay Verification Platform（生產並行流量回放驗證平台）" under Newlink Technology was listed in the Pioneer Case List（先鋒案例榜）and was successfully awarded "Big Data Innovation Case（大數據創新案例）" in the 7th (2024) Digital Finance Innovation Case Collection Activity（第七屆（2024）數字金融創新案例征集活動）
	Beijing Newlink's wholly-owned subsidiary – Shenzhen Newlink Technology Co., Ltd.*（深圳市新紐科技技術有限公司）("Shenzhen Newlink") was established. The establishment of Shenzhen Newlink not only provided a solid guarantee for Newlink Technology to maintain the South China market, but also created more opportunities for the Group to face the markets in Greater Bay Area and Southeast Asian region

MILESTONES IN 2024

Timeline	Events
October	Newlink Technology presented at the Hong Kong FinTech Week 2024(香港金融科技周2024)once again to discuss globalization of digital transformation and empowerment of FinTech
November	Newlink Technology won the "Capital Power Awards Selection 2024 – Annual Industry Influence Award 2024(2024年資本力量年度評選–行業影響力獎)" in the 12th Capital Power Annual Brand Collection and Selection Activity(第十二屆資本力量年度品牌征集與評選活動)
	Newlink Technology was awarded the "Honour Awards – Outstanding Responsible Technology Company for 2024(奧納獎– 2024年度責任科技公司)" in the selection at the 2024 (7th) Social Responsibility Conference(2024(第七屆)社會責任大會)
December	The IT solutions of "IFR Financial Intelligent Process Robot based on Newlink RPA V4.0(基於Newlink RPA V4.0的IFR財務智能流程機器人)" of Beijing Newlink Technology Co., Ltd.*(北京新紐科技有限公司)won the "Jinding Product Award(金鼎產品獎)" at the third "Dingxin Cup(鼎信杯)" competition

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FINANCIAL SUMMARY

	For the Year Ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**278,822**	245,495	260,554	205,752	176,147
Gross profit	**38,869**	37,091	70,459	74,598	92,402
(Loss)/profit before tax	**(96,068)**	(70,971)	20,795	17,015	40,284
Income tax credit/(expense)	**3,049**	1,287	(3,356)	(3,968)	(8,255)
(Loss)/profit for the year	**(93,019)**	(69,684)	17,439	13,047	32,029
(Loss)/profit attributable to:					
Owners of the parent	**(92,463)**	(69,159)	17,488	13,047	32,029
Non-controlling interests	**(556)**	(525)	(49)	–[1]	–[1]

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**882,822**	947,685	991,204	873,338	258,480
Total liabilities	**143,384**	158,781	108,593	34,067	59,107
Equity attributable to owners of the parent company	**739,268**	786,971	880,153	837,764	197,866
Non-controlling interests	**170**	1,933	2,458	1,507	1,507
Total equity	**739,438**	788,904	882,611	839,271	199,373

Note:

1. Less than RMB1,000.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, amid a complex global landscape of geopolitical and economic turbulence and persistent macroeconomic pressures in China, the Group decisively pursued breakthroughs in new technologies, new products and new models as key drivers for future development. By deepening our understanding of customer needs and maintaining an unwavering focus on technological innovation, the Group leveraged cutting-edge technologies such as artificial intelligence and big data analytics to develop comprehensive, industry-specific solutions. These efforts have strengthened and expanded our competitive edge in specific industries such as finance, healthcare and transportation, while building a multidimensional value network encompassing "products, application scenarios and ecosystem development".

In 2024, the Group strengthened synergies among subsidiaries to maximise complementary resource advantages. We successfully deepened product differentiation for our flagship products and effectively translated their competitive strengths into broader market adoption across diverse customer segments. Simultaneously, we expanded our business footprint, particularly in key regional markets like the Greater Bay Area, to increase market penetration and facilitate the deployment of our solutions and products across wider geographic and industry sectors. These efforts successfully generated new growth momentum through diversified collaboration.

In 2024, the Group achieved revenue of RMB278.8 million, representing a year-on-year growth of 13.6%. Meanwhile, the gross profit slightly rose 4.9% year-on-year to RMB38.9 million. Although the Group did not achieve profitability in 2024, but net cash generated from operating activities continued to increase to RMB24.0 million, representing a 116.2% surge from RMB11.1 million in 2023. The growth in the Group's core business revenue and gross profit, coupled with sustained improvement in net cash generated from operating activities for the year 2024, establishes a solid foundation for accelerated business development in 2025 and reinforces our confidence in achieving a turnaround to profitability at the earliest opportunity.

2024 marked the fourth anniversary of the Group's listing on the Main Board of the Hong Kong Stock Exchange in January 2021. Following the initial public offering and listing, we successfully completed a new share placing in May 2024. The proceeds raised has effectively supplemented the Group's general working capital, providing quality funding to support the Group's future development and sustain the Group's growth trajectory. Concurrently, the Group has maintained its steadfast commitment to sustainable development, rigorously implementing policies, systems and initiatives aligned with environmental, social and corporate governance (ESG) principles. The Group have systematically advanced the execution of ESG strategy continuously enriching its scope through both regular programming and tailored initiatives. By strengthening our sustainable development efforts across all operations and upholding the higher standards of corporate responsibility through concrete actions, we are actively creating greater social value and contributing meaningfully to society.

CHAIRMAN'S STATEMENT

In 2025, the Group will adhere to the dual innovation development goals of "technological R&D innovation" and "business model innovation". This will be achieved by deepening subsidiary coordination mechanisms and establishing a cross-system resource exchange platform; integrating internal and external technology supply chains to create an innovation element aggregation hub; and constructing a customer experience monitoring matrix to achieve dynamic real-time feedback from the demand side, thereby building a long-term growth engine. Meanwhile, we will strengthen the differentiated competitive advantages of flagship products and establish customer segmentation models; extend the technology innovation-correlated product portfolio and build a multi-scenario solution repository; implement a dual-path expansion strategy of "core region penetration + emerging market incubation" to comprehensively enhance core competitiveness from the three dimensions of product, ecosystem and market. In addition, we will further explore the potential of regional strategic deployment by advancing the establishment of localized operation centers to optimize the regional market response network; formulating differentiated promotion plans to achieve cross-regional replication and characteristic upgrades of products and solutions; and building a channel partner capability empowerment system to enhance end-market coverage density.

In 2025, the Group will adhere to the value orientation of long-term and stable development, continuously enhancing operational resilience, improving risk resistance capabilities and steadily elevating operational quality through striving to enhance business performance, optimizing asset allocation and intensifying cash flow management.

Mr. ZHAI Shuchun
Chairman and Chief Executive Officer

31 March 2025

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

The Board currently consists of six Directors, comprised of three executive Directors and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of Appointment as Director
Executive Directors			
Mr. ZHAI Shuchun (翟曙春)	59	Executive Director, Chairman and CEO	8 November 2019
Ms. QIN Yi (秦禕)	47	Executive Director and deputy general manager	30 December 2019
Mr. LI Xiaodong (李小東)	37	Executive Director and deputy general manager	30 December 2019
Independent Non-executive Directors			
Mr. TANG Baoqi (唐保祺)	65	Independent Non-executive Director	5 December 2020
Ms. YANG Juan (楊鵑)	62	Independent Non-executive Director	30 November 2021
Mr. YOU Linfeng (游林峰)	47	Independent Non-executive Director	4 December 2023

Executive Directors

Mr. ZHAI Shuchun (翟曙春), aged 59, is our executive Director, the chairman of the Board and CEO, and a director of our certain subsidiaries. He is primarily responsible for the overall management of business, strategy, research and development of our Group. Mr. Zhai joined our Group in December 2016 and has been in charge of the overall management of Beijing Newlink since then. He was appointed as an executive Director in November 2019 and as our CEO and chairman of the Board in December 2019. Mr. Zhai has been the executive director and general manager of Beijing Yunwang Wanwei Technology Co., Ltd. (北京雲網萬維科技有限公司) from December 2017 to July 2024, the chairman of the board of directors and general manager of Beijing Guanruitong E-commerce Technology Co., Ltd. (北京冠瑞通電子商務科技股份有限公司) ("Guanruitong") from March 2017 to July 2024, and the manager of Guanruitong since July 2024. From May 2001 to December 2016, Mr. Zhai was the chairman of the board of directors and general manager at Beijing UFC Co., Ltd. (北京聯銀通科技有限公司). He also served as a director of DHC Software Co., Ltd. (東華軟件股份公司), a company listed on the Shenzhen Stock Exchange (stock code: 002065), from May 2008 to December 2010. From October 1995 to May 2001, Mr. Zhai served as the general manager of Vanda Systems & Communications Holdings Limited (中聯系統控股有限公司). Mr. Zhai obtained a bachelor's degree in computer science from Beijing Jiaotong University (北京交通大學) in July 1989, and a master's degree in satellite remote sensing from University of Chinese Academy of Sciences (中國科學院大學) in July 1995. He is the father of Mr. ZHAI Guanhua.

DIRECTORS AND SENIOR MANAGEMENT

Ms. QIN Yi (秦禕), aged 47, is our executive Director and deputy general manager. She is primarily responsible for the sales and marketing of our Group. Ms. Qin joined our Group in June 2012 and was appointed as an executive Director in December 2019. She was the head of sales and marketing department at Beijing Newlink from June 2012 to December 2016, and has served as a deputy general manager at Beijing Newlink since December 2016. Prior to joining us, Ms. Qin served as a client manager at Digital China Group Co., Ltd. (神州數碼集團股份有限公司), a company listed on the Stock Exchange (stock code: 0861) and Shenzhen Stock Exchange (stock code: 000034), from August 2007 to June 2012. Ms. Qin obtained a college degree in modern public relations from China University of Mining and Technology (中國礦業大學) in July 2000, and a bachelor's degree in journalism from Communication University of China (中國傳媒大學) in July 2012.

Mr. LI Xiaodong (李小東), aged 37, is our executive Director and deputy general manager. He is primarily responsible for the project management of our Group. Mr. Li joined our Group in April 2015 and was appointed as an executive Director in December 2019. He was the head of project management department at Beijing Newlink from April 2015 to December 2016, and has served as a deputy general manager at Beijing Newlink since December 2016. Prior to joining us, Mr. Li worked at Jiangsu Kaihua Intelligent Engineering Co., Ltd. (江蘇愷華智能工程有限公司) from November 2009 to March 2015. Mr. Li graduated from Huaian College of Information Technology (淮安信息職業技術學院) in July 2008 where he majored in computer software.

Independent Non-executive Directors

Mr. TANG Baoqi (唐保祺), aged 65, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Tang has served as an independent non-executive director of Luzhou Bank Co., Ltd. (瀘州銀行股份有限公司) (formerly known as Luzhou City Commercial Bank Co., Ltd. (瀘州市商業銀行股份有限公司)), a company listed on the Stock Exchange (stock code: 1983) from December 2018 to November 2024. He worked at China Cinda (HK) Holdings Company Limited (中國信達(香港)控股有限公司), a subsidiary of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) which is a company listed on the Stock Exchange (stock code: 1359; preference share stock code: 4607), as a senior manager, the general manager of risk management department, the chief risk officer and the chief financial officer since February 2000 and was a director and deputy general manager when he left China Cinda (HK) Holdings Company Limited in March 2018. Mr. Tang worked at the creditors' rights department (債權部) of China Cinda Asset Management Co., Ltd. from June 1999 to February 2000. Mr. Tang also served as a non-executive director of China Fortune Financial Group Limited (中國富強金融集團有限公司), a company listed on the Stock Exchange (stock code: 0290) from March 2016 to April 2018, a non-executive director of China National Materials Company Limited (中國中材股份有限公司), a company previously listed on the Stock Exchange (stock code: 1893) from July 2011 to July 2016, and an executive director of Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司), a company listed on the Stock Exchange (stock code: 0171) from March 2008 to July 2011. Mr. Tang obtained a bachelor's degree in economics from Hubei Institute of Finance and Economics (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in July 1983. Mr. Tang was certified as a senior economist by People's Construction Bank of China (中國人民建設銀行) (currently known as China Construction Bank Corporation (中國建設銀行股份有限公司)) in March 1996.

DIRECTORS AND SENIOR MANAGEMENT

Ms. YANG Juan（楊鵑）, aged 62, is an independent non-executive Director of our Company. She is primarily responsible for supervising and providing independent judgment to our Board. She has successively served as a lecturer, assistant professor, professor and master's supervisor at the school of accounting in Capital University of Economics and Business（首都經濟貿易大學）since July 1986.

Ms. Yang has served as an independent non-executive director of Aerospace Changzheng Chemical Engineering Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603698) since October 2024.

Ms. Yang received her bachelor's degree in accounting from Capital University of Economics and Business in July 1986.

Mr. YOU Linfeng（游林峰）, aged 47, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgment to our Board. From July 2001 to May 2005, he has served as an auditor assistant at Huazheng Certified Public Accountants*（華証會計師事務所）and Beijing Pan-China Certified Public Accountants*（北京天健會計師事務所）. From June 2005 to December 2012, he worked for Deloitte Touche Tohmatsu CPA and lastly as a senior manager. From December 2012 to June 2020, he has served as a vice general manager of the Inspection & Audit Department at Zhongrong International Trust Co. Ltd. Since December 2020, he has been serving as a salaried partner at BDO China Shu Lun Pan Certified Public Accountants LLP. Mr. You graduated from Beijing University of Chemical Technology（北京化工大學）in 2001 with a bachelor's degree in accounting, obtained the qualification of certified internal auditor conferred by The institute of Internal Auditors and is a certified public accountant in the People's Republic of China.

SENIOR MANAGEMENT

Mr. ZHAI Shuchun（翟曙春）, aged 59, is our executive Director, the chairman of the Board and CEO. His biographical details are set out above under the section headed "Directors and Senior Management – Our Directors" in this annual report.

Ms. QIN Yi（秦禕）, aged 47, is our executive Director and deputy general manager. Her biographical details are set out above under the section headed "Directors and Senior Management – Our Directors" in this annual report.

Mr. LI Xiaodong（李小東）, aged 37, is our executive Director and deputy general manager. His biographical details are set out above under the section headed "Directors and Senior Management – Our Directors" in this annual report.

Ms. ZHANG Xiushi（張琇石）, aged 40, is the deputy general manager and company secretary of our Company, being responsible for secretarial and investor relation management matters of our Company. Ms. Zhang joined our Group in July 2019 as the board secretary of Beijing Newlink, and was appointed as a director of Beijing Newlink in December 2019 and as a joint company secretary of our Company in February 2020, and was appointed as the deputy general manager of the Company in February 2023, and has acted as the sole company secretary of the Company since 30 March 2024. Prior to joining the Group, Ms. Zhang served as the deputy general manager at the investment banking department of China Galaxy Securities Co., Ltd.（中國銀河證券股份有限公司）, a company listed on the Stock Exchange (stock code: 6881), from February 2015 to June 2019. Ms. Zhang worked as a senior manager of the investment banking department of Capital Securities Co., Ltd.（首創證券有限責任公司）from May 2011 to February 2015. From July 2006 to June 2008, Ms. Zhang worked at World Shipping Group Limited.（世航集團有限公司）. Ms. Zhang obtained a bachelor's degree in tourism management from Beijing International Studies University（北京第二外國語學院）in July 2006, and a master's degree in accounting from St. John's University in the United States in July 2010.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHAI Guanhua (翟冠華), aged 33, is our chief financial officer. Mr. Zhai Guanhua joined the Group in September 2022 and has served as the chief financial officer of the Group from 5 September 2022. He has extensive experience in financial management, financial analysis, investment and financing decisions, corporate operations and corporate governance. Mr. Zhai Guanhua has been the executive director and the general manager of Beijing Fullhouse Investment Management Co., Ltd. (北京富華佳信投資管理有限公司) since July 2018. Prior to that, Mr. Zhai Guanhua served as a financial advisor at Morgan Stanley (San Francisco) from July 2016 to March 2018 and the executive director and the general manager of Beijing Fuhuajiaxin Business Incubator Co., Ltd. (北京富華佳信企業孵化器有限公司) from July 2021 to August 2022. Mr. Zhai Guanhua graduated from Syracuse University in 2014 with a bachelor's degree in finance. He graduated from New York University in 2016 with a master's degree in talent management and obtained a master's degree in business administration from The Chinese University of Hong Kong in 2024. He is the son of Mr. Zhai Shuchun, chairman of the Board and CEO.

Mr. TIAN Weihai (田維海), aged 57, is the deputy general manager of the Company. He is responsible for the daily operation and management of Neusoft Yuetong. Mr. Tian joined the Group in July 2022 as the general manager of Neusoft Yuetong, and was appointed as the deputy general manager of the Company in February 2023. Mr. Tian has served as the general manager of Neusoft Yuetong since September 2015. He served as the administrative director of North China Region of Neusoft Group (Beijing) Co., Ltd.* (東軟集團(北京)有限公司) from November 2005 to August 2015, and he was in the Chinese People's Liberation Army from October 1985 to March 2005, during which he served as the deputy regimental secretary of the Strategic Teaching and Research Department of the National Defense University. Mr. Tian obtained a bachelor's degree in automotive application engineering from the Transportation Engineering Institute of the Chinese People's Liberation Army (中國人民解放軍運輸工程學院) in July 1991.

Mr. PAN Zehua (潘澤華), aged 50, is the deputy general manager of the Company. He is responsible for the research and development management and solution service delivery management of the Company. Mr. Pan joined the Group in October 2017 as the vice president of Beijing Newlink and he was appointed as the deputy general manager of the Company in February 2023. Prior to joining us, Mr. Pan served as the assistant to the president of Beijing UFC Co., Ltd. (北京聯銀通科技有限公司) from November 2000 to October 2017. Mr. Pan obtained a bachelor's degree in computer software and application from Shanghai Railway University (上海鐵道大學) in July 1996. He has been certified as an IPMA B-level senior project manager, and passed the MSP (programme management) and P3O (project management office) certifications issued by OGC of the United Kingdom.

Mr. DING Yaoxin (丁耀欣), aged 48, is the deputy general manager of the Company. He is responsible for the program design and product promotion management of the Company. Mr. Ding joined the Group in October 2017 as the assistant to the president of Beijing Newlink and was appointed as the deputy general manager of Beijing Newlink in March 2021 and the vice president of the Company in February 2023, respectively. Prior to joining us, Mr. Ding served as the general manager of the 3rd Software Business Division of Beijing UFC Co., Ltd. (北京聯銀通科技有限公司) from April 2006 to October 2017. Mr. Ding obtained a bachelor's degree in computer application software from Jilin University in July 2009, and was qualified as an Certified Information System Auditor (CISA) in August 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. MAO Qilong (毛啟龍), aged 40, is our deputy general manager. He mainly assists the general manager of the Company in handling the daily affairs of the Company. Mr. Mao joined the Group in April 2012 as the head of administration department at Beijing Newlink and has served as a deputy general manager at Beijing Newlink since December 2016. Prior to joining us, Mr. Mao served as deputy manager of the administrative department of Changshu Xinzhuang Jixiang Auxiliary Co., Ltd. (常熟市辛莊吉祥助劑有限公司) from February 2007 to March 2012. Mr. Mao graduated from Changshu Mocheng High School (常熟市莫城中學) in June 2003.

COMPANY SECRETARY

Ms. ZHANG Xiushi (張琇石), is the deputy general manager and company secretary of our Company, being responsible for secretarial and investor relation management matters of our Company. Her biographical details are set out in the section headed "Directors and Senior Management – Senior Management" of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overview

As a leading technology-driven IT solution service provider in China, Newlink Technology has long been focusing on the development of proprietary software products and applying cutting-edge technologies such as artificial intelligence and big data analytics. The Group consistently delivers high-value IT solutions to customers across specific industries, including finance, healthcare, transportation, logistics, education and energy, as well as general industry customers.

The Group remains committed to research and development of new products and new technologies and their application innovations, and has been promoting the integration of products and services. By doing so, the Group aims to provide customers in various industries with scenario-based comprehensive solutions that can satisfy needs of customers and enhance their competitiveness in their industries on the basis of Robotic Process Automation (RPA) solutions, smart park solutions, medical and health care big data intelligent management solutions, deep semantic analysis and risk prevention and control based on large models, and solution services powered by a series of technologies such as language parsing, data mining and analysis, cloud-based computing, distributed database management, intelligent control, knowledge graph and deep learning.

Business Review

In 2024, the Group achieved revenue of RMB278.8 million, representing a 13.6% year-on-year increase compared to 2023, with all revenue derived from IT solution services. Among them, revenue from software development services accounted for 87.2% of the Group's total revenue, reaching RMB243.2 million, representing a year-on-year increase of 35.5% compared to 2023; revenue from technical and maintenance support services amounted to RMB27.0 million, representing a year-on-year decrease of 28.2% compared to 2023; revenue from standard software sales amounted to RMB8.6 million, representing a significant year-on-year decrease of 69.7% compared to 2023. In 2024, the Group's gross profit slightly increased by 4.9% to RMB38.9 million as compared to 2023.

In 2024, although the Group achieved a year-on-year increase in revenue and gross profit, due to the comprehensive effect of a loss of RMB11.3 million from the fair value change on equity investments at fair value through profit or loss, a year-on-year increase in selling and distribution expenses, administrative expenses, and research and development expenses totaling RMB40.3 million, and a 93.8% year-on-year decrease in allowance for expected credit losses on trade receivables and contract assets, the Group recorded a loss for the year that increased by RMB23.3 million compared to 2023 to RMB93.0 million. In 2024, the Group maintained a trend of growth in net cash generated from operating activities despite not achieving profitability, reaching RMB24.0 million, representing a significant year-on-year increase of 1.2 times compared to 2023. The growth in the Group's revenue from principal business and gross profit for the year 2024, along with the continuous increase in net cash generated from operating activities, will lay a solid foundation for the sustained rapid development of business in 2025, further boosting our confidence in achieving a turnaround to profitability as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the Group maintained a stable and diverse client portfolio, serving leading brands across key industries such as finance, healthcare, transportation, power utilities and telecommunications. These included 10 Fortune Global 500 companies and 12 companies ranked among China's top 500 enterprises. Under the premise of a substantial increase in revenue from principal business, the Group's accounts receivable balance at the end of 2024 decreased by 27.2% to RMB159.1 million compared to the end of 2023; the newly recognized allowance for expected credit losses on accounts receivable for 2024 was RMB1.6 million, representing a significant decrease of 93.8% compared to RMB25.7 million for 2023. We have accumulated extensive experience in serving top-tier institutions and industry giants through continuous optimization of our customer structure, in order to gradually improve the turnover efficiency of accounts receivable and ensure the stable and healthy continuous operation of the Group.

As a publicly listed company, we have always anchored our business in innovation and R&D. By relentlessly advancing the application of cutting-edge technologies like artificial intelligence and big data analytics across multiple industries, we develop tailored solutions through deep customer insights to deliver greater effectiveness and comprehensive value. In 2024, the Company, subsidiaries under the Group, and the Chairman of the Board each received numerous honors in the application of innovative technology, among which the Company received awards including: "Hainuo Award – 2024 Outstanding Digital Innovation Enterprise (海諾獎 – 2024傑出數字化創新企業)" in 2024 (the 5th) Brand Innovation Development Conference (2024(第五屆)品牌創新發展大會) "Haino Award" selection; "2024 Outstanding Medical Technology Innovation Award (2024傑出醫療科技創新獎)" in the selection of the 13th Financial Summit and Innovative Entrepreneurs Festival (第十三屆財經峰會暨創新企業家節); the main operating entity under the Group, Beijing Newlink, received awards including: the independently developed "Production Parallel Flow Playback Verification Platform (生產並行流量回放驗證平台)" was listed on the Pioneer Case List and awarded the "Big Data Innovation Case (大數據創新案例)" at the 7th (2024) Digital Finance Innovation Case Collection Event (第七屆(2024)數字金融創新案例徵集活動); the independently developed IT solution "IFR Financial Intelligent Process Robot based on Newlink RPA V4.0 (基於Newlink RPA V4.0的IFR財務智能流程機器人)" won the "Golden Tripod Product Award (金鼎產品獎)" at the Third "Dingxin Cup (鼎信杯)" competition; awards received by the Chairman of the Board include: "Hainuo Award – 2024 Influential Person of Technology Innovation (2024科技創新影響力人物)" in 2024 (the 5th) Brand Innovation Development Conference (2024(第五屆)品牌創新發展大會) "Hainuo Award (海諾獎)" selection, etc.

In 2024, the Group further expanded its regional footprint, establishing new subsidiaries in Hong Kong, Shenzhen and Shanxi. This strategic expansion strengthens our Hong Kong hub's role in serving both the Greater Bay Area and Southeast Asian markets. Concurrently, the Group fostered synergies across subsidiaries to enhance the complementary advantages of resources. By translating the differentiated advantages of our flagship products into targeted market competitiveness across customer segments, we expanded our business footprint and deepened market penetration. The Group achieved the implementation of its solutions and products in broader regional markets and industry sectors, and successfully stimulated new growth momentum through diversified collaboration.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, on the basis of actively developing its core business, the Group placed importance on continuously fulfilling corporate social responsibility and actively participated in relevant industry associations as well as environmental, social and governance activities. We continuously advanced the steady implementation of ESG-related work by strictly implementing policies, systems and activities related to environmental, social and corporate governance. By continuously enriching the content of ESG implementation and regularly conducting routine ESG activities and other personalized ESG activities, we further enhanced the Group's execution efforts towards sustainable development. The Company was awarded the "Industry Influence Award (行業影響力獎)" at the 2024 Capital Power Annual Selection during the 12th Capital Power Annual Brand Collection and Selection Event (第十二屆資本力量年度品牌徵集與評選活動); and was also honored with the "Ona Award – 2024 Annual Responsible Technology Company (奧納獎 – 2024年度責任科技公司)" at the 2024 (7th) Social Responsibility Conference (2024(第七屆)社會責任大會). The Group is committed to corporate responsibility through concrete actions and elevated benchmarks, proactively generating greater social value as our way of giving back.

Outlook

In 2025, the Group will adhere to the dual innovation development goals of "technological R&D innovation" and "business model innovation". It will achieve this by deepening subsidiary coordination mechanisms and establishing a cross-system resource exchange platform; integrating internal and external technology supply chains to create a hub for innovation elements; and constructing a customer experience monitoring matrix to achieve dynamic real-time feedback on the demand side, thus building a long-term growth engine. Meanwhile, we will strengthen the differentiated competitive advantage of flagship products and establish customer segmentation models; extend the technology innovation-related product spectrum and build a multi-scenario solution library; implementing a dual-track expansion strategy combining "core market penetration" with "emerging market development", holistically strengthening core competitiveness across three key dimensions: product, ecosystem and market. In addition, we will further explore the potential of regional strategic layout by advancing the establishment of localized operation centers to improve the regional market response network; formulating differentiated promotion plans to achieve cross-regional replication and distinctive upgrades of products and solutions; and building a channel partner capability empowerment system to enhance end-market coverage density.

In 2025, the Group will remain committed to its long-term, stable development philosophy. Through dedicated efforts to boost operational performance, optimize asset allocation, and strengthen cash flow management, we will consistently enhance operational resilience, fortify risk mitigation capabilities, and steadily elevate operational excellence.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's financial performance in 2024 reflects a disciplined yet forward-looking approach to resource management. Enhanced liquidity, controlled leverage, and strategic investments in market expansion and innovation position the Group favorably for sustained growth.

Revenue

During the Reporting Period, the Group's revenue mainly derived from the IT solution service business. The IT solution service business of the Group is to provide customers with various solutions comprising software development services, technical and maintenance services, sales of standard software and other services and products by applying IT technology according to their needs. Depending on the specific application of technology, the Group's IT solutions can be divided into traditional solutions and innovative solutions, among which innovative solutions are solutions powered by key technologies such as artificial intelligence and big data analytics. During the Reporting Period, the Group's innovative solutions not only provided tailored services to customers in specific fields such as finance, medical care, transportation and logistics based on customer needs, but also sold standard products and services to customers; while its traditional solutions were mainly used in the fields like finance and transportation.

In 2024, the Group recorded a revenue of RMB278.8 million, which was mainly contributed by IT solution services business, representing an increase of 13.6% from RMB245.5 million in 2023. The increase in the Group's revenue in 2024 was mainly due to the increase in the revenue of software development services.

The following analysis sets forth a breakdown of our revenue for the year of 2024 and 2023, respectively.

Software development services

In 2024, our software development services achieved a revenue of RMB243.2 million, accounting for 87.2% of the total revenue and representing a year-on-year increase of 35.5% as compared with 2023. Within this revenue stream, innovative solutions contributed RMB80.2 million, accounting for 33.0% of the revenue derived from software development services. The innovative software development service is a critical component of business revenue of the Group, encompassing a portfolio of advanced, mainly including: robotic process automation (RPA) solutions, medical and healthcare big data intelligent management solutions and others.

These innovative products are developed through the application of a range of advanced technologies, including data mining and analysis, cloud-based computing, distributed database management, knowledge graphs, and deep learning, which have successfully served customers in industries such as financial institutions, medical establishments, and large-scale state-owned and privately-owned enterprises in the transportation and logistics industries.

Technical and maintenance services

Our revenue from technical and maintenance services in 2024 amounted to RMB27.0 million, representing a decrease of 28.2% from RMB37.6 million in 2023. In 2024, the revenue from technology and maintenance services accounted for a relatively low proportion of the Group's total revenue, at only 9.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

Sale of standard software

In 2024, our revenue from sales of standard software amounted to RMB8.6 million, only accounting for 3.1% of the total revenue of the Group. Revenue from the innovative solutions amounted to RMB8.1 million, accounting for 94.2% of our revenue from sale of standard software. During the Reporting Period, the Group's innovative solutions that generate revenue through the sales of standard software mainly include products such as the standardized RPA platform, the medical quality control and safety warning platform, and the intelligent healthcare platform.

Cost of sales and services rendered

Our cost of sales and services rendered increased by 15.2% from RMB208.4 million in 2023 to RMB240.0 million in 2024, mainly due to the Group's overall revenue increased by 13.6%, requiring additional technical staff to support expanded business activities, which resulted in higher associated costs.

Gross profit and gross profit margin

Our gross profit increased by 4.9% from RMB37.1 million in 2023 to RMB38.9 million in 2024. Our gross profit margin slightly decreased from 15.1% in 2023 to 14.0% in 2024. During the Reporting Period, the Company recorded a year-on-year revenue growth of 13.6%. However, due to business expansion, cost of sales increased by 15.2%. Since the rise in costs slightly outpaced revenue growth, this led to a marginal decline in gross profit margin.

Other income and gains

In 2024, the Group's other income and gains were RMB12.1 million, representing an increase of 14.2% as compared with 2023, primarily due to the increase in bank interest income, rental income, and VAT refunds and other tax subsidies.

Change in fair value of equity investments at fair value through profit or loss

In 2024, the Group recorded loss arising from change in fair value of equity investments at fair value through profit or loss of a total of RMB11.3 million, which was mainly due to decrease in fair value of equity investments.

Allowance for expected credit losses on trade receivables and contract assets, net of reversal

The Group recorded allowance for expected credit losses on trade receivables and contract assets, net of reversal of RMB1.6 million in 2024, which was mainly due to the increase in expected credit losses on trade receivables balances for more than three years, representing a significant decrease as compared with RMB25.7 million in 2023.

Reversal of (impairment loss) on investment in an associate

For the Reporting Period, the reversal of investment in an associate amounted to RMB1.8 million, mainly due to the net assets allocation generated by an associate of the Group's subsidiary, Neusoft Yuetong.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Our selling and distribution expenses increased by 15.7% from RMB14.0 million in 2023 to RMB16.2 million in 2024. The increase in selling and distribution expenses was mainly due to elevated selling expenses tied to revenue-generating contracts and increased provision for severance payments.

Administrative expenses

Our administrative expenses increased by 24.1% from RMB36.9 million in 2023 to RMB45.8 million in 2024. The increase in administrative expenses was mainly due to increasing severance pay and increasing staff turnover which led to rise in expense and amortization.

Research and development expenses

In 2024, our research and development expenses amounted to RMB71.5 million, representing an increase of 69.0% as compared with RMB42.3 million in 2023, primarily due to an increase in R&D expenses resulting from the increase in amortization amount of the Group's deferred development costs and the increase of direct expenditure in relation to the research and development expenses.

Since its listing, the Group has continuously invested heavily in research and development. On the one hand, it has invested in the research and development of corresponding solutions according to the utilization plan of the raised funds; and on the other hand, it has also accelerated in terms of investing heavily in the research and development of technologies related to artificial intelligence and big data analytics for broader applications. As of 31 December 2024, the Group had a total of 234 items of software copyrights, including 31 items of software copyrights newly registered in 2024 which are all type of innovative solutions.

Other expenses

In 2024, our other expenses amounted to RMB0.7 million, representing a decrease as compared with RMB1.3 million in 2023.

Finance costs

In 2024, our finance costs increased from RMB1.3 million in 2023 to RMB2.0 million, which remained relatively stable, primarily comprised of interest expenses on interest-bearing bank borrowings and interest on lease liabilities.

Share of results of an associate

Share of profit of an associate in 2024 was RMB0.2 million, which was attributable to the earnings generated by an associate that Neusoft Yuetong invested in.

Loss before tax

As a result of the foregoing, we recorded a loss before tax of RMB96.1 million in 2024, as compared to a loss before tax of RMB71.0 million in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax credit

We recorded income tax credit of RMB3.0 million in 2024 as compared to income tax credit of RMB1.3 million in 2023, mainly due to increase in loss recorded in the year of 2024.

Loss for the year

In 2024, we recorded a loss for the year of RMB93.0 million, representing an increase of 33.4% as compared to a loss for the year of RMB69.7 million in 2023, mainly due to a loss of RMB11.3 million generated from change in fair value of equity investments at fair value through profit or loss and a year-on-year increase of a total of RMB40.3 million in selling and distribution expenses, administrative expenses and research and development expenses.

Liquidity, financial and capital resources

As of 31 December 2024, the Group's total available cash and cash equivalents, including bank balances and time deposits, amounted to RMB348.2 million. This represents an increase of 5.4% from RMB330.5 million recorded on 31 December 2023. The increase of cash and cash equivalents can ensure the steady and sustainable development of the Group's business.

Net operating cash inflows for the Reporting Period reached RMB24.0 million, up from RMB11.1 million in 2023, representing a year-on-year increase of 116.2%. This increase was primarily driven by optimized working capital management, notably an increase in the turnover rate of trade receivables within three years, which enhanced the efficiency of the Group's cash conversion cycle.

The Group's total bank borrowings stood at RMB20.0 million as of 31 December 2024, with repayment due on 27 June 2025 and a fixed rate of 3.85% per annum. The Group's bank borrowings were strategically deployed to support operational requirements and facilitate business expansion. The fixed-rate structure ensures predictability in interest expenses, reinforcing the Group's financial stability.

Net current assets as of 31 December 2024 were RMB534.5 million, compared to RMB582.7 million as at 31 December 2023, reflecting a decline of 8.3%. This demonstrates the Group's prudent strategy of balancing liquidity needs with short-term debts while preserving sufficient resources for strategic growth initiatives.

Exposure to exchange rate fluctuation

During the year ended 31 December 2024, the functional currency of companies operating in the PRC is Renminbi. Most of the Group's monetary assets were mainly denominated in US dollars and Renminbi. We manage foreign exchange risk by performing periodic reviews of our net foreign exchange exposures and try to minimise these exposures through natural hedges. We operate mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities. In 2024, the Group did not enter into any hedging transaction against foreign currency risks.

Commitments

The Group has various contracted, but not provided short-term lease commitments at the end of 31 December 2024 (2023: future lease payments of RMB0.7 million for such non-cancellable lease contracts). The future lease payments for these non-cancellable lease contracts are RMB0.5 million due within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As of 31 December 2024, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in this annual report, as of 31 December 2024, we did not have other substantial future plans for material investments and purchase of capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

In 2024, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Performance Guarantee

On 20 June 2022, Newlink Technology (Beijing) (a wholly-owned subsidiary of the Company), entered into an equity transfer and capital increase agreement with shareholders of Neusoft Yuetong (the "**Target Company**", together with its subsidiaries, the "**Taget Group**") (the "**Sellers**") and the Target Company (the "**Neusoft Yuetong Acquisition**"), pursuant to which Newlink Technology Beijing has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, 100% equity interest in the Target Company, and Newlink Technology Beijing has conditionally agreed to make a capital increase to the Target Company, and in this regard, Newlink Technology Beijing agreed: (1) to pay the Sellers the equity transfer consideration of RMB80,000,000 in total (subject to the performance compensation arrangement); (2) to succeed the capital contribution obligations of RMB7,430,769 for the unpaid registered capital in the equity interest transferred by Dai Linlin, being one of the Sellers; and (3) to make a capital increase of RMB18,000,000 to the Target Company. The performance guarantee sellers (being the Sellers other than Dai Linlin) undertook to Newlink Technology Beijing that the Target Group's revenue from principal business and net profit for financial years of 2022, 2023 and 2024 ("**Guaranteed Years**") shall not be less than the performance targets in the table below.

(In RMB0'000)

Financial Year	2022	2023	2024	Total
Guaranteed revenue from principal business	6,000	7,200	8,640	21,840
Guaranteed net profit	300	450	675	1,425

The actual net profit of the Target Group shall be the lower of the net profit after tax attributable to shareholders of the parent company before or after deduction of non-recurring gains and losses in the consolidated financial statements of the Target Group audited and confirmed by a qualified accounting firm.

As disclosed in the announcement regarding update on the performance guarantee in relation to the acquisition of 100% equity interest in Neusoft Yuetong issued by the Company on 28 March 2024, for the year ended 31 December 2022, the Target Group recorded a net loss of RMB5,052,379.81 based on which the performance guarantee sellers did not fulfill the performance guarantee arrangement. Therefore, upon expiry of the performance guarantee period, the parties will calculate the performance compensation amount according to the relevant calculation formula based on the audited key financial indicators of Neusoft Yuetong. The Company will audit the financial situation of the Target Company for the Guaranteed Years in accordance with the provisions of the Equity Transfer and Capital Increase Agreement, and will make a further announcement in this regard in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments

In 2024, we did not hold any significant investments that account for 5% or more of the total assets of the Company as at the end of the Reporting Period.

Charge on Group's assets

As of 31 December 2024, we had no charges on our assets.

Customer credit risk

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. For our software development services, most of our contracts provide for periodic installments from our customers based on project milestones, such as delivery, installation and testing of our solutions. However, we incur costs associated with a project, primarily including staff costs relating to project execution and software development, electronic equipment and certain project implementation expenses, on an ongoing basis from the beginning. As a result, we are required to make prepayments for certain project costs and expenses before receiving sufficient payments from our customers.

During the track record period, we typically granted our customers a credit period depending on contract terms and our evaluation of customer's creditworthiness. In determining the actual length of credit terms granted to a specific customer, we consider various factors such as reputation, length of business relationship and past payment records. As of 31 December 2024, our gross trade receivables amounted to RMB204.0 million and we recorded allowance for expected credit losses on trade receivables of RMB44.9 million. We are thus exposed to the risk that customers may delay or even be unable to pay when milestones are reached or upon completion of contracts. These may put our cash flow and working capital under pressure.

1. The subsequent settlement is set out below in relation to the trade receivables as of 31 December 2024:

		RMB'000
	Gross amount	**Subsequent settlement**
Within 180 days	38,130	6,921
181 days to 1 year	38,779	2,355
1 to 2 years	39,883	8,802
2 to 3 years	32,561	526
Over 3 years	54,612	206
Total	203,965	18,810

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Recoverability of long aged receivables and reasons why the loss allowances were adequate:*

(1) Customers with strong creditworthiness

Our trade receivable balance as of 31 December 2024 was mainly from large customers with good reputation and strong creditworthiness, the majority of which were state-owned enterprises and listed companies, including top-tier banks, trust companies, asset management companies, Class III Grade A hospitals, railway bureaus, locomotive depots, railway information technology companies, railway bureau groups, airlines, aviation food companies, aviation materials companies, etc. Such customers are in good standing and have strong creditworthiness and bargaining power, and have stringent and extensive internal payment and settlement processes, which often required time-consuming internal approval processes before payments were made, resulting in further extension of their payment cycles. As of 31 December 2024, 71.2% of the trade receivables balance was recorded from state-owned enterprises and listed companies.

In addition, the balance of trade receivables over 180 days as of 31 December 2024 was mainly recorded from state-owned enterprises and listed companies with which the Group had longstanding cooperation, and there has been no recoverability issue in relation to trade receivables in previous years and both parties have maintained a good cooperation relationship.

(2) The balance of trade receivables over 180 days remains in a trend of continuous collection of receivables

As of 31 December 2024, the balance of trade receivables over one year amounted to RMB127.1 million, recorded from a total of 121 customers, among which 106 customers are still performing contracts with the Group so far, and continued to collect receivables since 31 December 2024.

(3) The business model and customer base of the Group remain unchanged as disclosed before

In relation to trade receivables, as disclosed in the prospectus of the Company dated 21 December 2020, the previous, current and future business model and the customer base of the Group have remained and are expected to remain substantially unchanged.

The Company considers that it has entered into normal business arrangements with these customers and has not identified any issues of the recoverability of trade receivables or insufficient provision for impairment to date.

MANAGEMENT DISCUSSION AND ANALYSIS

3. ***Actions taken or to be taken to recover such long-outstanding receivables***

The Group has continued to (1) increase sales revenue from customers with short payment cycle and gradually reduce sales to customers with long payment cycle to achieve substantial improvements against the long payment cycle of trade receivables; (2) maintain strict control over its outstanding trade receivables and have a credit control department to minimise the credit risk. The Group has strictly followed its credit management policy and will continue to follow the steps and measures stipulated in the credit management policy to manage the trade receivables and maintain the working capital. As required by the credit management policy of the Group, the Group has instructed designated sales personnel to follow up directly with their responsible customers, and the sales and marketing staff of the Group make collection calls to customers whose bills have been overdue for less than 90 days; for customers whose bills have been overdue within 90 to 360 days, the sales and marketing staff escalate the matter to the business department and both the sales and marketing staff and the business department make collection calls to the customers; and for customers whose bills have been overdue for more than 360 days, the Group assigns the sales and marketing staff to visit the customers for face-to-face communication, and the sales and marketing staff and business departments continuously to follow up and collection calls to customers. To manage the trade receivables, the Group has also strengthened the cooperation between the technical team and the sales and marketing team to conduct more efficient collection, and taken into account the collection speed in the performance assessment of the employees. In addition, the Group will continue to issue periodic written payment reminders to the customers. Overdue balances are also regularly reviewed by the senior management; and (3) regularly make enquiries on customers' ratings and make an analysis of the background, reputation, market position and the operating conditions of customers based on publicly available information.

For further details regarding the credit risk faced by the Group and the allowance for losses on trade receivables, please refer to Note 39 to the consolidated financial statements.

Impairment assessments of the Intangible Assets

The Group had the intangible assets which are mainly contributed by 北京新紐科技有限公司 ("Beijing Newlink CGU") and 北京東軟越通軟件技術有限公司 ("Neusoft Yuetong CGU") with carrying amounts RMB79,678,000 (2023: RMB107,897,000) and RMB19,771,000 (2023: RMB14,464,000).

At the end of the reporting period, the management performs impairment assessments of the intangible assets attributable to Beijing Newlink CGU and Neusoft Yuetong CGU when the financial performance had unfavourable conditions which indicate that the carrying amounts of these assets may not be recoverable and its recoverable amount was determined by the management based on value-in-use ("VIU") calculation using discounted cash flow projections.

Beijing Newlink CGU

For the purposes of impairment testing, property and equipment of RMB14,959,000, right-of-use assets of RMB11,925,000 and intangible assets of RMB79,678,000, which included those with indefinite useful lives of RMB5,560,000 (2023: RMB16,486,000), are allocated to the Beijing Newlink CGU.

MANAGEMENT DISCUSSION AND ANALYSIS

The VIU calculations use cash flow projections based on financial forecasts approved by management covering a four-year period. Management considers the length of the forecast period is appropriate because it generally reflect the potential economic benefit life of the deferred development costs. The key assumptions, revenue growth rate of forecast period and pre-tax discount rate used for VIU calculations are as follows:

Gross profit margin	33% to 43%
Average growth rate	-40% to 25%
Pre-tax discount rate	15%

Management engaged an independent external valuer to assess the recoverable amount of both Beijing Newlink CGU and Neusoft Yuetong CGU and leveraged management's extensive experiences in the AI industry and provided forecast based on past performance and their expectation of future business plans and market developments. The pre-tax discount rate is determined based on current market assessments of the time value of money and specific risks relating to Beijing Newlink CGU. As a result, no impairment loss is required to be recognised for the year ended 31 December 2024. The possible change in the key assumptions on which the management has based its determination of the recoverable amount of Beijing Newlink CGU would not cause an impairment loss.

Apart from the considerations described above in determining the recoverable amount of the CGUs, the Group's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

Neusoft Yuetong CGU

Goodwill arising from the CGU represented the acquisition of 100% equity interests in Beijing Neusoft Yuetong Software Technology Co., Ltd. ("Neusoft Yuetong CGU") in July 2022. The excess of the consideration transferred over the acquisition – date fair values of the identifiable assets acquired and the liabilities assumed of approximately of RMB36,724,000 is recognised as goodwill.

For the impairment assessment purpose, the goodwill, together with property and equipment and intangible assets amounting to RMB36,724,000, RMB166,000 and RMB19,771,000 (2023: RMB36,724,000, RMB227,000 and RMB14,464,000) are allocated to Neusoft Yuetong CGU.

MANAGEMENT DISCUSSION AND ANALYSIS

The recoverable amount of Neusoft Yuetong CGU has been determined by VIU calculation. Cash flow projections are based on approved financial budgets covering a period of five years. Cash flows beyond the five – year period are extrapolated using the estimated terminal growth rates. Key assumptions and inputs used for the value – in – use calculation are as follows:

	2024	2023
Revenue growth rate of forecast period	5%-19%	5%-20%
Pre – tax discount rate	16%	16%

Management determined the budgeted revenue based on past performance and its expectation of market development. The discount rate used is pre – tax and reflects specific risks relating to the Neusoft Yuetong CGU.

Apart from the considerations described above in determining the recoverable amount of the Neusoft Yuetong CGU, the Group's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

According to the VIU calculations, the recoverable amount is higher than the carrying amount of the Neusoft Yuetong CGU (including the goodwill property and equipment and intangible assets) and no impairment on the goodwill and other non-financial assets was recognised during the year. The possible change in the key assumptions on which the management has based its determination of the recoverable amount of Neusoft Yuetong CGU would not cause an impairment loss.

For futhre details, please refer to note 18 and note 19 to the consolidated financial statements of this annual report.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise return on equity.

Our return on equity decreased from -8.8% for 2023 to -12.5% for 2024, primarily due to the increasing amount of loss recorded for the year.

Our gearing ratio increased from 1.0% as of 31 December 2023 to 2.7% as of 31 December 2024, primarily due to increased amount of bank borrowings. The calculation of gearing ratio is based on total borrowings divided by total equity as of the end of the year and multiplied by 100.0%.

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to report to its Shareholders on the corporate governance of the Company for the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Pursuant to code provision C.2.1 of the Corporate Governance Code (the "**CG Code**") of the Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer are held by Mr. Zhai Shuchun ("**Mr. Zhai**"). With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements of the Model Code for the year ended 31 December 2024.

CORPORATE CULTURE

The Company continuously focuses on corporate compliance culture, and has formulated policies under the Anti-fraud, Anti-corruption and Reporting and Complaint Management Measures (the "**Anti-Corruption Policy**") to ensure that the Company is in compliance with the Listing Rules and regulatory requirements through continuous supervision by the Board.

CORPORATE GOVERNANCE REPORT

In addition, the Board will (i) review the decisions and actions of the Company to assess whether they are in line with its desired corporate culture; (ii) interact with its employees and stakeholders; and (iii) assess whether there are issues requiring attention based on complaints received, whistle-blowers' disclosures, staff turnover and code of conduct/regulatory violations.

Corporate culture is crucial to the accomplishment of the Company's mission. The Board will maintain and ensure that the Company's goals, values and strategies are highly in line with its corporate culture.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Company and its subsidiaries and takes decisions objectively in the best interests of the Company.

The Board would regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time discharging them.

Board Composition

The composition of the Board and the Board committees during the Reporting Period and as of the date of this annual report are as below.

Executive Directors

Mr. ZHAI Shuchun *(Chairman and CEO)*
Ms. QIN Yi
Mr. LI Xiaodong

Independent Non-executive Directors

Mr. TANG Baoqi
Ms. YANG Juan
Mr. YOU Linfeng

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this annual report.

During the Reporting Period and up to the date of this annual report, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

CORPORATE GOVERNANCE REPORT

The Company recognizes that the Board's access to independent advice is critical to good corporate governance and the effectiveness of the Board. The Board has established a mechanism to ensure that the Board can obtain independent opinions where necessary so as to enhance the objectivity and effectiveness of decision-making. The Board regularly reviews the structure, number and composition of the Board to ensure a balanced mix of executive Directors and independent non-executive Directors, so that the Board maintains a strong independent element. When selecting an independent non-executive Director, the Company will examine the independence, professional qualifications, past experiences and working experience of the independent non-executive Director to ensure that the independent non-executive Director has sufficient talents, vision and opportunities to put forward influential independent opinions, so as to ensure that the Board obtains multi-angle thinking directions in decision-making. For the Directors' attendance records at meetings in 2024, please refer to the section headed "Directors' Attendance Records of Meetings of Board and Board Committees" in this annual report. The Directors may seek independent professional advice where necessary, and the relevant expenses shall be borne by the Company. The Board is of the opinion that the aforesaid mechanism is effectively implemented.

Save as disclosed in this annual report and work relationship at the Company, none of the Directors has any relationship with any other Director or chief executive.

Directors' Attendance Records of Meetings of Board and Board Committees

Pursuant to code provision C.5.1 of the CG Code, regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication.

During the Reporting Period, the Chairman has held a meeting with the independent non-executive Directors without the presence of other Directors.

A summary of the attendance records of the Directors at the meetings of the Board and the respective Board committees held during the Reporting Period is set out below:

	Attendance/Number of Meeting(s)				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Mr. ZHAI Shuchun	10/10	N/A	1/1	1/1	1/1
Ms. QIN Yi	10/10	N/A	N/A	N/A	1/1
Mr. LI Xiaodong	10/10	N/A	N/A	N/A	1/1
Mr. TANG Baoqi	10/10	3/3	1/1	1/1	1/1
Ms. YANG Juan	10/10	3/3	1/1	1/1	1/1
Mr. YOU Linfeng	10/10	3/3	N/A	N/A	1/1

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The roles of the Chairman and the CEO of the Company are held by Mr. ZHAI Shuchun. With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

Confirmation of Independent Non-executive Directors

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors and the independent non-executive Directors has entered into a service contract/letter of appointment with the Company for a term of not more than three years.

None of the Directors has entered into a service contract/letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under Article 16.19 of the Articles, at each annual general meeting one-third of the Directors for the time being (if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Article 16.2 of the Articles also provides that all Directors appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Such Director required to stand for re-election pursuant to Article 16.2 of the Articles shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation under Article 16.19 of the Articles.

CORPORATE GOVERNANCE REPORT

Pursuant to Article 16.19 of the Articles, there should be 2 Directors who shall retire from office by rotation and be eligible, offer themselves for re-election at the 2025 AGM. Ms. QIN Yi and Mr. TANG Baoqi will retire from office and, being eligible, offer themselves for re-election at the 2025 AGM. Details of the re-election are set out in the circular to be despatched to shareholders in a due course.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors can bring independent judgement to the decision-making process of our Board.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to management team.

The Company has arranged appropriate liability insurance on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules and relevant regulatory requirements.

In accordance with code provision C.1.4 of the CG Code with regards to continuous professional development, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. The Company also arranges trainings to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

The Company organized training on duties and responsibilities of Directors and seminar on updated laws and regulations for the Directors. Pursuant to code provision C.1.4 of the CG Code, the Company has also provided reading materials to the Directors to develop and refresh their professional knowledge. Based on the records provided by the Directors, the continuous professional development taken by each of the Directors during the year ended 31 December 2024 is summarised as follows:

Name of Director	**Training Attended (Note 1)**
Mr. ZHAI Shuchun	√
Ms. QIN Yi	√
Mr. LI Xiaodong	√
Mr. TANG Baoqi	√
Ms. YANG Juan	√
Mr. YOU Linfeng	√

Note:

1. All the Directors received training and training materials, including those from the Company's external legal adviser, about matters relevant to their duties as Directors. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs. Materials about anti-fraud and anti-corruption were provided by our Internal Audit Department to all of Directors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees on 5 December 2020, namely, the Audit Committee, Remuneration Committee and Nomination Committee, with terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules, for overseeing particular aspects of the Company's affairs. The specific written terms of reference are to deal clearly with their authority and duties, which are posted on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. At the date of this annual report, the Audit Committee consists of three independent non-executive Directors, namely Mr. YOU Linfeng, Ms. YANG Juan and Mr. TANG Baoqi, with Mr. YOU Linfeng being the chairman of the committee.

The primary duties of the Audit Committee include, among other things, making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, reviewing our Group's financial information and disclosures, and overseeing our Group's financial reporting system, risk management and internal control systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Audit Committee has held three meetings and performed the following works, among others:

(i) reviewed the Group's annual audited financial statements for the year ended 31 December 2023 and interim unaudited financial statements for six months ended 30 June 2024;

(ii) reviewed the Group's internal control system and related matters; and

(iii) considered and made recommendations on the change of the external auditors of the Group, and the term of engagement.

Remuneration Committee

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. At the date of this annual report, the Remuneration Committee consists of three members, namely Ms. YANG Juan and Mr. TANG Baoqi as independent non-executive Directors, as well as Mr. ZHAI Shuchun as the Chairman and executive Director, with Ms. YANG Juan being the chairwoman of the committee.

The primary functions of the Remuneration Committee include, among other things, making recommendations to the Board for approval on our Group's remuneration policy and plan of all Directors and senior management, and the proposal of remuneration distribution plan according to the performance evaluation of Directors and senior management.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee has held one meeting for reviewing the remuneration of the Directors and senior management and the performance of them annually.

Nomination Committee

The Company has established the Nomination Committee in compliance with the CG Code. At the date of this annual report, the Nomination Committee consists of three members, namely Mr. TANG Baoqi and Ms. YANG Juan as independent non-executive Directors, as well as Mr. ZHAI Shuchun as the Chairman and executive Director, with Mr. TANG Baoqi being the chairman of the committee.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors and senior management, making recommendations to the Board on the nomination of candidates for Directors and president, and assessing the independence of independent non-executive Directors.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee has held one meeting for reviewing the independence of the independent non-executive Directors, considering the qualifications, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service, of the retiring Directors standing for re-election at the 2024 AGM, reviewing the structure, size and composition of the Board, and reviewing the board diversity policy (the "**Board Diversity Policy**").

CORPORATE GOVERNANCE REPORT

Remuneration of Directors and Senior Management

The Group has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. The remuneration of Directors and senior management is determined on the basis of the individual's experience, responsibilities, workload, time commitment to the Group, the Group's operating results and comparable market data, subject to review by the Remuneration Committee and approval by the Board. The Company's policy for determining the remuneration payable to the Directors is to ensure that the Directors receive adequate remuneration for their efforts and time contributed to the Company's affairs, including participation in Board Committees. The remuneration of the executive Directors includes basic salaries, pensions, performance bonuses.

Please refer to Note 11 to the consolidated financial statements for details of remuneration of members of the Board for the year ended 31 December 2024.

Details of the remuneration by band of senior management of the Company, whose biographies are set out on pages 12 to 16 of this annual report, for the year ended 31 December 2024 are set out below:

Remuneration band (RMB)	Number of individuals For the Year Ended 31 December	
	2024	2023
0-500,000	**2**	2
500,001-1,000,000	**6**	6
1,000,001-1,500,000	**–**	1
1,500,001-2,000,000	**1**	–
	9	9

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

As of the date of this annual report, our Board comprises six members, including three executive Directors and three independent non-executive Directors. The Directors have a balanced mix of knowledge, skills, gender, perspectives and experience, including finance and healthcare IT solution service, software development, business management and strategic development, investment and accounting. They obtained professional and academic qualifications including computer science, accounting, economics and journalism. Furthermore, the Board has a wide range of age and a balanced mix of gender, skills, professional experience and knowledge. As of 31 December 2024 and up to the date of this annual report, the proportion of female members on the Board is approximately 33%, and the Company has satisfied the requirements of gender diversity of the Board members. The Board aims to maintain at least the current number of female representation.

CORPORATE GOVERNANCE REPORT

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code, and will review the Board Diversity Policy and evaluate the implementation of the Board Diversity Policy from time to time, at least annually, to ensure its continued effectiveness and will set measurable objectives when necessary.

As at 31 December 2024, the gender ratio of the Group's workforce was 74.6% male and 25.4% female, which is mainly due to the fact that there are more male practitioners in the IT industry as a result of the gender composition nature of this industry. The Company has implemented fair employment practices and recruitment is based on merit and without discrimination to ensure there is a pipeline of male and female potential successors to the Board and the senior management. The Company will continue to strive to increase the female representation and strike an appropriate balance of gender diversity with reference to Shareholder expectations and recommended best management.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

1. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

4. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Reporting Period, the Board reviewed the Company's corporate governance practices, the Company's compliance with the CG Code and disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading management team and overseeing their design, implementation and monitoring of the risk management and internal control systems.

In addition, the Company has various internal guidelines, written policies and procedures to monitor and alleviate the risks arising from our daily operations. The Directors and management closely monitor the implementation and assess the effectiveness of these guidelines and measures which are crucial to the Company's business sustainability.

The Company has developed system of internal control and risk management for reviewing and maintaining an adequate internal control system to safeguard the interests of the Shareholders and the assets of the Company. The Company has established a separate internal audit department, which is responsible for reviewing the Group's internal control and risk management system and supporting the Board in assessing the effectiveness of such system annually.

The main features of the risk management and internal control systems are as follows:

- The Board is responsible for overseeing the established risk management and internal control systems to ensure core values, strategic planning and operational procedures and communications within the Group are effective. The Board also evaluates and determines the nature and extent of risks to endorse in pursuit of the Group's strategic and business objectives;

- Risk management and internal control functions assist the Board to ensure that Group's effective implementation of framework, policies, procedures and controls are in place. Risk management function initiates a risk management plan and prioritises the Group's key risks as well as evaluation of the control mechanisms/activities which contribute to mitigating the risk of business disruption or non-compliance with applicable rules and regulations. The identified risks are evaluated based on the likelihood of occurrence and magnitude of impact should the risks materialise;

- Internal audit function will perform independent appraisal of major operations on an ongoing basis and to provide independent assurance to management, Audit Committee and the Board;

- Appropriate risk mitigating activities are in place including identification of risks and corresponding mitigating controls to achieve its business objectives across the entity; and

- For any material internal control defects, the management will identify the internal control deficiencies, review the control activities and procedures and amend the necessary internal policy and procedures, if necessary. It will be reported to the Board and the Audit Committee, at least annually.

CORPORATE GOVERNANCE REPORT

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules. The Company would conduct its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission. It is strictly prohibited to use inside or confidential information without proper authorization. The Company ensures that inside information is handled and disseminated appropriately through its internal reporting procedures, along with consideration by senior management of the implications arising from such information.

The Board, as supported by the Audit Committee as well as the management report and the internal control review findings, has reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. This annual review covered all material controls, including financial, operational and compliance controls. This annual review also covered the financial reporting, internal audit function and issues related to the issuer's ESG performance and reporting, as well as staff qualifications, experiences, training received, relevant budget and relevant resources.

PRINCIPAL RISKS

Please refer to the section headed "Management Discussion and Analysis" in this annual report for the Group's exposure to customer credit risk.

Please refer to Note 39 to the consolidated financial statements in this annual report for the Group's financial risk management objectives and policies.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval. The Company provides all members of the Board with timely updates on the Company's consolidated performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report included in this annual report.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, Forvis Mazars CPA Limited, in respect of audit services and non-audit services of interim review during the year were set out below:

	2024 RMB
Audit services	1,492,000
Non-audit services	450,000
Total	1,942,000

COMPANY SECRETARY

From 1 January 2024 to 29 March 2024, Ms. ZHANG Xiushi and Ms. HO Wing Nga (HKFCG (PE), FCG) acted as the Company's joint company secretaries.

During these Period, all Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Ms. ZHANG Xiushi has been designated as the primary contact person of the Company which would work and communicate with Ms. HO Wing Nga on the Company's corporate governance and secretarial and administrative matters.

Ms. HO Wing Nga has resigned from her position as a joint company secretary of the Company with effect from 30 March 2024. Following the resignation of Ms. HO Wing Nga, Ms. ZHANG Xiushi acted as the sole company secretary of the Company with effect from 30 March 2024. Since the listing of the Shares of the Company on the Stock Exchange on 6 January 2021, Ms. ZHANG Xiushi has performed her duty as a joint company secretary of the Company with the assistance of Ms. HO Wing Nga acting as the other joint company secretary of the Company. Ms. HO Wing Nga satisfies the requirements of Rules 3.28 and 8.17 of the Listing Rules. During the three-year period, Ms. ZHANG Xiushi has acquired a good understanding of the Listing Rules and the relevant experience within the meaning of Rule 3.28 of the Listing Rules and is capable of discharging the duties of the company secretary of the Company independently. The Stock Exchange has also confirmed that Ms. ZHANG Xiushi is qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. For details, please refer to the announcement of the Company dated 28 March 2024.

During the Reporting Period, Ms. ZHANG Xiushi undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

According to the dividend policy adopted on 5 December 2020, the Articles and applicable laws and regulations, the Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board, provided always that in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

Shareholders' Rights

The Company engages with its shareholders through various communication channels.

To safeguard shareholders' interests and rights, separate resolution(s) should be proposed for each substantially separate issue at general meetings, including the election of individual director(s). All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting at the Request of Shareholders

Pursuant to Article 12.3 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the written requisition of any one or more Shareholders holding together, as at the date of deposit of the requisition, Shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings by Shareholders

There is no provision allowing the Company's shareholders to put forward new resolutions at general meetings under the Companies Law of the Cayman Islands or the Articles of the Company. The Company's Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

For Shareholders' right to nominate candidates for directors, please refer to "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" on the website of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders of the Company may send written enquiries to the Company, the contact details of which are contained on the website of the Company (www.newlinktech.com.cn).

CORPORATE GOVERNANCE REPORT

Communication with Shareholders and Investors

The Company considers that effective communication with its Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholder Communication Policy to ensure that its Shareholders' views and concerns are appropriately addressed. The Board of the Company has reviewed the implementation and effectiveness of the Shareholder Communication Policy and believes that the Shareholder Communication Policy has enabled the Company to maintain effective communication with its shareholders.

CONSTITUTIONAL DOCUMENTS

On 26 June 2024, the Company's 2024 Annual General Meeting approved the proposed amendments to the Company's existing Memorandum and Articles of Association and adopted the third amended and restated Memorandum and Articles of Association of the Company. For details, please refer to the announcement of the Company dated 26 June 2024. The latest version of the Memorandum and Articles of Association of the Company is available on the Company's and the Stock Exchange's websites.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

Report Content

This Environmental, Social and Governance (hereinafter referred to as "ESG") Report (hereinafter referred to as "ESG Report" or the "Report") focuses on the disclosure of the work and practices of, and the significant progress made by, Newlink Technology Inc. in the area of ESG in 2024. The ESG Report should be read in conjunction with the "Corporate Governance Report" section of this annual report to gain a comprehensive understanding of the Group's ESG performance.

Scope of the Report

The scope of the ESG Report includes the Company and its subsidiaries. The Report covers the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as "Current Year" or "Reporting Period").

Basis of Preparation

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited and the content of this ESG Report complies with the disclosure principles required by the ESG Reporting Guide and has complied with the mandatory disclosure requirements set out in the ESG Reporting Guide. The ESG Report complies with the "comply or explain" provisions of the ESG Reporting Guide and its content follows the four Reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency".

Materiality: In compliance with the materiality principle of the Stock Exchange, the ESG Report has identified material ESG factors and disclosed them in the Report. We explained how to identify these factors and the selection criteria. The ESG issues identified by the Group and the communication channels and expectations of stakeholders have also been disclosed herein. The results of the materiality assessment have been adopted as the basis for the preparation of the Report and responded in a targeted manner in the Report based on the materiality of the issues.

Quantitative: The statistical criteria, methodologies, assumptions and calculation tools (if applicable), and the source of conversion factors used, for emissions and energy consumption have been disclosed in the explanatory notes of the ESG Report. In addition, the Report has set quantitative environmental management targets.

Balance: The ESG Report presents the Group's performance for the Reporting Period in an unbiased manner, ensuring that the presentation of information does not mislead the readers and avoiding selections, omissions or presentation formats that might improperly influence the reader's decisions or judgments.

Consistency: The statistical methods used to disclose data in the ESG Report are consistent with those of last year to maintain the consistency and comparability of data. Any changes will be clearly stated in the Report.

Approval of the ESG Report

The Board assumes full responsibility for the contents reported in the ESG Report and has approved and confirmed the contents of the ESG Report on 31 March 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Feedback Mechanism

We highly value your comments and suggestions on the ESG Report and welcome you to contact us by email (ir@newlinktech.com.cn).

2. ABOUT THE GROUP

Newlink Technology, as a leading technology-driven IT solution service provider in China based on independently developed software products, has long focused on the application of innovative IT solutions centered on cutting-edge technologies such as artificial intelligence and big data analysis across various fields, continuously providing high-value-added IT solution services to customers in specific industries including finance, healthcare, transportation, logistics, education and energy, as well as general industries. The Group continuously engages in R&D and innovation of new products and new technology applications, promoting the integration of products and services to provide industry clients with scenario-based comprehensive solutions, including Robotic Process Automation (RPA), smart park solutions, medical and health big data intelligent management solutions and the solutions that are based on a series of technologies such as data mining and analysis, cloud computing, distributed database management, intelligent control, knowledge graph and deep learning and can meet customer needs and enhance their competitive advantage in the industry, maintaining and expanding the Group's competitiveness in specific industries such as finance, healthcare and transportation.

In the future, the Group will adhere to the innovation-driven concept and continue to deepen its efforts in the field of digital construction services. Based on independently developed software products, we will accelerate the development pace of informatization and innovation, increase investment in technology R&D and product innovation, continuously enhance product performance and quality, expand application fields and market space, and further consolidate and expand its own advantages. On this basis, the Group will actively collaborate with professional digital partners to jointly advance the process of industrial digitalization and facilitate the transformation and upgrading of the industry. At the same time, the Group will deepen cooperation with customers across various industries, accurately grasp customer needs, and provide higher quality products and services to facilitate digital transformation and intelligent upgrading of various industries, thereby contributing more to high-quality development of the economy and society.

Philosophy and Vision

We adhere to the core values of "Integrity, innovation, service and mutual development", and are committed to achieving harmonious development in environmental, social, environmental and governance (ESG) aspects. At the environmental level, while pursuing the Group's operational objectives, we are also committed to reducing our impact on the environment, making environmental protection one of the goals of our development strategy. At the social level, we are committed to the concept of sustainable development. We value employees welfare and growth (by actively organizing employees training and participating in activities), customer service experience (by improving our research and development and innovation capabilities, integrating customer' needs, and ensuring that our customers enjoy a quality service experience), supply chain responsibility, and proactively participate in community activities. At the governance level, we actively and strictly comply with national and local ESG-related laws and regulations, continuously improve and enhance the organizational structure, strengthen the governance level, ensure the transparency of information disclosure, carry out anti-corruption and anti-fraud training, as well as set up complaint and monitoring mechanisms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Achievements and Events in 2024

February 2024

- Beijing Newlink Technology Co., Ltd. was awarded the "2023 Excellent Service Partner Award (2023年度優秀服務夥伴獎)" by a major joint-stock bank client.

March 2024

- Newlink Technology and Mr. ZHAI Shuchun（翟曙春）, an executive Director, the chairman of the Board, and the CEO, were respectively awarded "Hainuo Award – 2024 Outstanding Digital Innovation Enterprise（海諾獎-2024傑出數字化創新企業）" and "Hainuo Award – 2024 Leader of Excellent Innovation（海諾獎-2024卓越創新力領導人物）" in 2024 (the 5th) Brand Innovation Development Conference (2024（第五屆）品牌創新發展大會）"Hainuo Award" selection.

- Beijing Newlink established a controlled subsidiary in Shanxi – Shanxi Newlink Zhixun Technology Co., Ltd.*（山西新紐智訊科技有限公司）. This establishment was a further supplement to the strategic layout of the Group in the North China market.

May 2024

- The Company successfully completed the placing of 157,302,880 new shares and the net proceeds from the placing (after deduction of the placing commission and other related expenses) amounted to approximately HK$43.60 million, all of which were used to replenish the Group's general working capital and improve the Group's financial position.

June 2024

- The AI-based "Medical Record Quality Comprehensive Management Platform V5.5", which was independently developed by Beijing Newlink Technology Co., Ltd., has completed compatibility tests with various versions of advanced server operating systems under a large software company and received the adaption certification issued by it.

- Newlink Technology and Mr. ZHAI Shuchun（翟曙春）, an executive Director, the chairman of the Board and the CEO, were respectively awarded the titles of "2024 Outstanding Medical Technology Innovation Award (2024傑出醫療科技創新獎）" and "2024 Influential Person of Technology Innovation (2024科技創新影響力人物）" in the selection of the 13th Financial Summit and Innovative Entrepreneurs Festival（第十三屆財經峰會暨創新企業家節）.

July 2024

- Newlink Technology was invited to attend a series of events of the 2024 Zhongguancun Forum organized by the Zhongguancun Fintech Industry Development Alliance and the Zhongguancun Internet Finance Institute, and was successfully selected as one of the "2024 China's Top 100 Enterprises in Fintech Competitiveness (2024中國金融科技競爭力百強企業）".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

August 2024

- The "Production Parallel Flow Replay Verification Platform" under Newlink Technology was listed in the pioneer case rankings and successfully awarded the "Big Data Innovation Case" in the 7th Digital Finance Innovation Case Collection Event 2024（第七屆（2024）數字金融創新案例徵集活動）.

- Beijing Newlink's wholly-owned subsidiary – Shenzhen Newlink Technology Co., Ltd.*（深圳市新紐科技技術有限公司）("Shenzhen Newlink") was established. The establishment of Shenzhen Newlink not only provided a solid guarantee for Newlink Technology to maintain the South China market, but also created more opportunities for the Group to face the markets in Greater Bay Area and Southeast Asian region.

October 2024

- Newlink Technology Inc. made a return appearance at the Hong Kong Fintech Week with a number of its innovative IT solutions and products that can offer informatization and digital transformation empowerment application services and support for customers in the financial industry.

Mr. ZHAI Shuchun（翟曙春）, an executive Director, chairman of the Board and CEO of Newlink Technology, was interviewed by the media at the exhibition event site of the Hong Kong Fintech Week 2024

November 2024

- Newlink Technology Inc. was awarded the "Industry Influence Award（行業影響力獎）" in the 2024 Capital Power Awards (2024年度資本力量）at the 12th Capital Power Annual Brand Collection and Selection（第十二屆資本力量年度品牌徵集與評選）organized by www.STOCKSTAR.com for the second consecutive year.

- Newlink Technology Inc., at the 2024 (7th) Social Responsibility Conference and Ona Award Ceremony organized by the Organizing Committee of the Social Responsibility Conference, was successfully awarded the "Ona Award – 2024 Responsible Technology Company of the Year" for its relentless efforts and outstanding performance in sustainable development.

December 2024

- Beijing Newlink Technology Co., Ltd.（北京新紐科技有限公司）'s IT solution, namely "IFR Financial Intelligent Process Robot based on Newlink RPA V4.0（基於Newlink RPA V4.0的IFR財務智能流程機器人）", won the "Jinding Product Award（金鼎產品獎）" at the third "Dingxin Cup（鼎信杯）".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. GREEN DEVELOPMENT OF THE GROUP

3.1 Board Statement

As the leadership core of ESG governance management of the Group, the Board is fully responsible for the Group's ESG strategy and issues, in accordance with the ESG Reporting Guide of the Hong Kong Stock Exchange. The Board not only oversees relevant departments to strengthen the ESG-related policies and measures, but also closely monitors ESG risks with potential impact on business operations to adjust our operational strategies accordingly. In addition, the Board regularly discusses ESG issues at its meetings, and confirms the effectiveness of our ESG governance structure, reviews ESG targets, and identifies key ESG issues and climate risks.

The Board is committed to establishing a communication channel with key stakeholders, regularly reviewing the ESG issues they are concerned about, and determining the priorities for the Group's ESG efforts. The Group conducts a materiality assessment of ESG issues annually. The ESG working group is responsible for identifying key stakeholders, understanding and responding to their opinions on significant ESG issues, which are then reported to the Board after being reviewed by the ESG Working Committee. As the highest decision-making body for ESG governance, the Board conducts the final confirmation of the assessment results, ensuring the effectiveness of issue management through oversight of risk management and internal control systems. In 2024, there were no significant changes in the business structure or stakeholder influence. Therefore, based on the Board's resolution, the materiality assessment of ESG issues will continue to rely on the previous assessment results.

Under the guidance of the Board, the Group has established a comprehensive ESG governance structure and is committed to fulfilling corporate social responsibilities to promote our sustainable development. The Board is responsible for overseeing the continuous improvement of ESG policies and measures across relevant departments and monitoring ESG risks with potential impact on business operations to adjust operational strategies accordingly. Under the authority of the Board, we have established the ESG Working Committee, consisting of members of the Audit Committee, an interdepartmental ESG Working Group and a dedicated ESG-related management department, to jointly promote the Group's ESG work.

The Board has meeting regularly to review and approve our key environmental targets and continuously reviews the achievement of the environmental targets. We have set a series of quantitative environmental targets closely related to our business operations, covering key performance indicators such as greenhouse gas emissions, resource consumption and waste management. The Board reviewed the progress of the environmental targets during the Current Year and discussed ways to further improve the Group's sustainability practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2 ESG Governance Structure

The Group is committed to becoming a model enterprise and assumes social responsibility by establishing a comprehensive ESG governance structure to create a fair and just business environment. Our ESG governance structure covers all levels of the Group, with the responsibilities of each level of the ESG governance structure clearly stated. The Board is responsible for approving the Group's ESG and climate-related management policies, strategies, targets, and annual reports, while authorizing the ESG Working Committee, which is composed of the Audit Committee, to formulate and review ESG policies and procedures. In addition, the ESG Working Committee is responsible for overseeing the assessment and management of ESG-related issues, reviewing and monitoring the progress of ESG-related issues, ensuring compliance with the listing rules regarding ESG disclosures in reports, assessing and evaluating ESG-related risks and opportunities, and ensuring a robust and effective ESG management and internal control system is in place.

The ESG working group is composed of relevant persons in charge of each branch, subsidiary and department. It implements daily operations, including formulating and continuously tracking ESG and climate-related management policies, strategies, plans, annual work and goals, coordinating various departments to implement various ESG and climate-related policies, and supervising their work. We believe that through the concerted efforts of employees at all levels, we can integrate ESG strategies and objectives into the daily operations of the Group, thereby achieving effective corporate governance and sustainable development.

ESG Governance Structure

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.3 Stakeholder Communication

We value and actively promote engagement and cooperation with various stakeholders. We maintain close communication with our external and internal stakeholders through diverse communication channels to obtain a deeper understanding of their expectations and requirements regarding the Group. After serious consideration, we incorporated such feedbacks into our sustainability strategy, thus continuously optimizing our ESG performance and guiding our future development strategy.

Stakeholders	Requests and expectations	Communication and response methods	Communication frequency
Employees	• Compensation and benefits • Career development • Humanistic care • Occupational health	• Employee communication meetings • Company newsletter and intranet • Career advancement mechanism • Employee opinion survey • Seminars/Workshops/Lectures • Employee training • Employee events	non-regular
Government & Regulators	• Complying with national policies and laws and regulations • Attracting and retaining talent • Health and safety management of products and services • Anti-corruption • Labor standard	• Regular information reporting • Face-to-face communication • Document submission • On-site inspections	non-regular
Shareholder/Investor	• Revenue return • Health and safety management of products and services • Climate change response • Information transparency and efficient communication	• Shareholders' meeting • Corporate announcements • Corporate communications, email, telephone communications and corporate website • Senior management meeting • Results reports	non-regular

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Requests and expectations	Communication and response methods	Communication frequency
Suppliers	• Anti-corruption • Health and safety management of products and services • Compliance with the law • Mutual benefit and win-win situation	• Supplier management system • Supplier assessment and evaluation • Face-to-face communication • On-site inspection	non-regular
Clients	• Health and safety management of products and services • Customer complaint management • Community investment • Integrity in business • Environment and natural resources	• Daily business communication • Customer opinion survey • Social media platform • Service complaints and return visits	non-regular
Community	• Community investment • Open and transparent information	• Company website • Participate in community events • Social media platforms • Volunteer services	non-regular
Partners	• Integrity in business • Fair competition • Compliance with the law • Mutual benefit and win-win situation	• Review and evaluation session • Business communication • Exchange seminar • Negotiation of cooperation	non-regular
Industry Peers	• Integrity in business • Fair competition • Contract performance in accordance with the laws • Mutual benefit and win-win situation	• Strategic cooperation projects • Site visits	non-regular

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4 Materiality Assessment

Following the materiality principle as set out in the ESG Reporting Guide of the Hong Kong Stock Exchange, we conducted a materiality assessment in conjunction with our survey feedback from stakeholders and the Group's business operations. Our assessment procedure includes:

Step 1: Identifying Issues

- The Group identifies key ESG issues with reference to the ESG Reporting Guide of the Hong Kong Stock Exchange and the industry best practices, in conjunction with the actual operation of the Group.

Step 2: Ranking of Issues

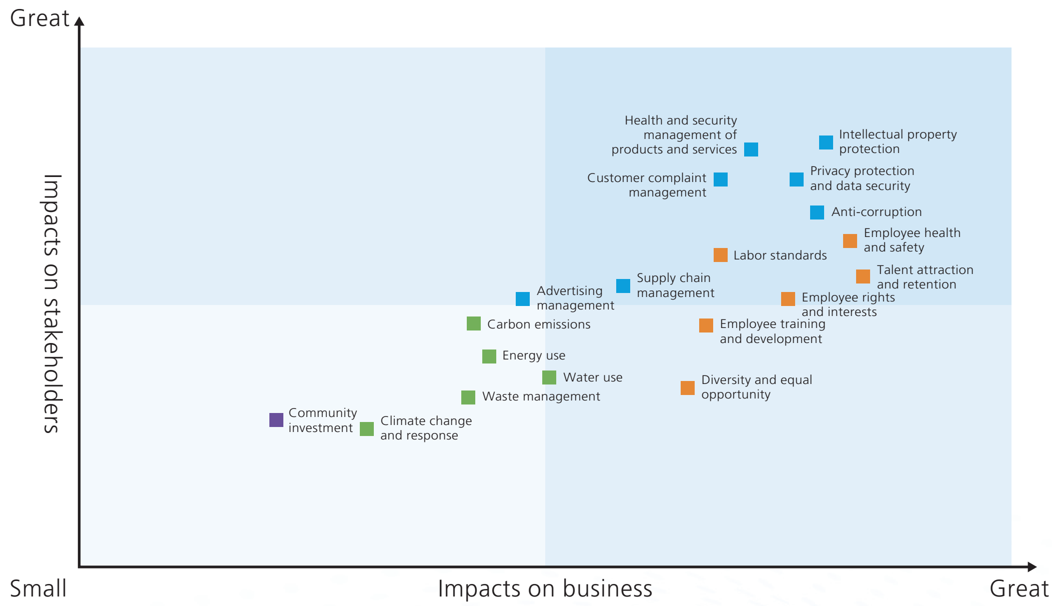
- We prioritize ESG issues based on feedback from stakeholders.

Step 3: Implementing and Disclosing

- High-materiality issues are given priority consideration and highlighted in ESG reports.

The Board, management and the ESG Working Committee of the Group have reviewed and confirmed that the assessment results of the materiality issues identified in 2023 remain valid in 2024, mainly because (i) there were no significant changes in business and market environment of the Group during the Reporting Period; and (ii) the assessment results continue to reflect stakeholders' expectations of the Group, which will continue to be used in 2024.

The results of the Group's substantive matrix of ESG materiality issues are as follows:



Based on the results of the materiality matrix, we have aligned the themes of the material ESG issues, including "Green Operation", "Value Our Talent", "Corporate Compliant Operation" and "Community Engagement".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.5 Four Highlights of the Current Year

During the Current Year, Newlink Technology was committed to promoting the Group's balanced growth in several key areas.

- ***Innovation and R&D:***
  The Company anchored our business in innovation and R&D. By relentlessly advancing the application of cutting-edge technologies like artificial intelligence and big data analytics across multiple industries, we develop tailored solutions through deep customer insights to deliver greater effectiveness and comprehensive value. Among them, the independently developed IT solution "IFR Financial Intelligent Process Robot based on Newlink RPA V4.0（基於Newlink RPA V4.0的IFR財務智能流程機器人）" won the "Golden Tripod Product Award（金鼎產品獎）" at the Third "Dingxin Cup（鼎信杯）" competition; the independently developed "Production Parallel Flow Playback Verification Platform（生產並行流量回放驗證平台）" was listed on the Pioneer Case List and awarded the "Big Data Innovation Case（大數據創新案例）" at the 7th (2024) Digital Finance Innovation Case Collection Event（第七屆（2024）數字金融創新案例徵集活動）.

- ***Market expansion:***
  During the Reporting Period, the Group further expanded its regional footprint, establishing new subsidiaries in Hong Kong, Shenzhen and Shanxi. This strategic expansion strengthens our Hong Kong hub's role in serving both the Greater Bay Area and Southeast Asian markets.

- ***Emphasis on social responsibility:***
  In 2024, on the basis of actively developing its core business, the Group placed importance on continuously fulfilling corporate social responsibility and actively participated in relevant industry associations as well as environmental, social and governance activities. The Company was awarded the "Industry Influence Award（行業影響力獎）" at the 2024 Capital Power Annual Selection during the 12th Capital Power Annual Brand Collection and Selection Event（第十二屆資本力量年度品牌徵集與評選活動）; and was also honored with the "Ona Award – 2024 Annual Responsible Technology Company（奧納獎– 2024年度責任科技公司）" at the 2024 (7th) Social Responsibility Conference（2024（第七屆）社會責任大會）.

- ***Successful financing with capital assistance:***
  In May 2024, the Company successfully completed the placing of new shares and the proceeds raised effectively supplemented the general working capital of the Group, providing capital assistance for the future development of the Group.

4. GREEN OPERATION

The Group strictly complies with applicable regulations and laws such as the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and local environmental regulations such as the Beijing Municipal Regulations on the Management of Domestic Waste and regards environmental protection as the cornerstone of fulfilling its corporate social responsibilities.

As an IT solution provider focused on self-developed software products, the Group's environmental footprint primarily revolves around office energy consumption, green business travel, water resource usage, paper consumption and emissions from company vehicles. We are committed to adopting energy conservation measures and optimizing resource management to reduce our consumption of electricity and water resources. We recognize the importance of environmental protection and will continue to improve our operations process to minimize our environmental impact and promote sustainable development and environmental practices. To support environmental protection initiatives, the Group encourages employees to adopt green commuting methods, such as using public transportation or bicycles as their primary means of commuting, in order to promote the concept of a low-carbon lifestyle.

During the Current Year, the Group did not have any environment-related violations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.1 Waste Management and Emission Control

The Group has established a specialized treatment process for the proper disposal of hazardous waste such as used batteries or waste toner cartridges and ink cartridges generated in the course of office operation. We have set up a special hazardous waste storage place and ensure that hazardous waste is regularly and safely stored in a designated place for compliant disposal.

To reduce emissions, we have taken various measures. Firstly, we conduct waste sorting training to enhance employees' environmental awareness and ensure that they understand the correct methods of waste sorting, thereby reducing the mixing of hazardous waste with ordinary garbage.

At the same time, we focus on improving resource utilization efficiency. For example, we reallocate unused yet functional computers from the technical department to other departments to achieve resource recycling. Through such measures, we have not only reduced the electronic waste, but also optimized resource allocation.

In terms of reducing office waste, we have adopted multiple strategies. We improve the management of office supplies, standardize the procurement and requisition process and encourage the use of eco-friendly, efficient, and cost-effective office equipment. We advocate the use of double-sided printing to reduce paper consumption and improve the efficient use of paper. The Group will further keep an eye on best practices in waste treatment and resource utilization, and continue to improve our operational processes to reduce environmental impact and support the long-term goals of sustainable development.

During the Current Year, we review the greenhouse gas emissions generated by the environmental scope covered by this Report based on the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development and the ISO 14064-1 formulated by the International Standards Organization (ISO), and the results will be detailed in the section headed "Appendix I: Summary of Sustainable Development Information" of this Report.

4.2 Resource Conservation and Energy Utilization Optimization

The Group actively promotes conservation culture and concept of low carbon and environmental protection. We have formulated and implemented the Management Measures for Energy Conservation and Emission Reduction to optimize the management of water, electricity and office consumables in various operating places. We are committed to resource conservation, ensuring that employees effectively utilize resources, reduce greenhouse gas emissions, and promote the transformation towards clean energy and the development of low-carbon economy.

We promote education and encourage employees to participate in environmental protection activities to enhance their environmental awareness. During our operations, we are mainly concerned about the vehicle fuel consumption and the use of water, natural gas, electricity and paper in the office. We monitor vehicle fuel efficiency, improve fuel efficiency through vehicle management and maintenance, and explore the eco-friendly alternative energy to reduce the dependence on traditional fuels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Current Year, we implement a paperless office strategy to reduce paper consumption. Through regular review of resource consumption data, we find ways to save energy and reduce consumption and promote the eco-friendly equipment and technologies. Our operation does not involve the packaging materials, thereby reducing the waste of resources. We also organized our employees to exchange and donate old clothes to encourage the recycling of resources.

Energy Management

In terms of power management, we have adopted a package of measures to reduce energy consumption. We purchase eco-friendly and energy-saving electrical equipment with priority, and gradually phase out old equipment with high energy consumption and low energy efficiency. At the same time, we have replaced energy-saving lighting fixtures and carried out strict management of lighting systems and electrical equipment. We have adopted various energy conservation measures:

- In office and conference rooms, we priorities the use of natural light to reduce artificial lighting, while also utilizing energy-efficient lighting equipment and ensure lights are turned off when leaving the room.

- We ensure that all office equipment such as computers, water dispensers and lights, are turned off before leaving office and arrange for inspections of office after work hours to if there are any situations where electricity is not cut off when leaving the office in a timely manner.

- We require setting reasonable temperature which is set not lower than 26°C in summer and not higher than 20°C in winter, and keep doors and windows closed during use to improve energy efficiency.

- We minimize the use of office equipment, set automated sleep modes to reduce standby power consumption, and timely turn off equipment that is not in use for a long time to avoid unnecessary energy waste.

Water Resource Management

The Group has no issue in accessing sourcing water. In terms of water resources management, we have adopted a series of measures to improve water efficiency and reduce waste. Public toilets in the office are equipped with automatic flushing devices to ensure that the amount of water flushed is appropriate. We set up water-saving signs at water facilities to encourage employees to save water. In addition, we regularly inspect and maintain water pipes, faucets, and water supply systems to ensure that any water leakage are detected and repaired in a timely manner, preventing unnecessary loss of water resources. We also conduct multiple inspections in office areas to ensure that water faucets are turned off when not in used, effectively avoiding the waste of water resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Environmental Protection Targets and Practices

During the Current Year, the Board and the management of the Group have reviewed the relevant environmental targets and their progress. The greenhouse gas emissions per capita of the Group decreased compared to 2023, while the water consumption per capita and the energy consumption per capita remained stable. Our efforts to reduce energy and water resource consumption alongside business expansion have shown initial positive results. In addition, all hazardous waste generated in our operating areas during the Current Year has been disposed of in full compliance with regulations. The Group will actively review and implement the energy saving, water saving, emission reduction and waste reduction measures to ensure the achievement of our environmental targets.

The Group's environmental targets are as follows:

Greenhouse Gas Emission Target:

- 30% reduction in electricity consumption per capita by the end of 2030 based on a 2020 baseline.

Energy Use Target:

- 25% reduction in gasoline consumption per capita by the end of 2030 based on a 2020 baseline.

Water Consumption Target:

- 25% reduction in water consumption per capita by the end of 2030 based on a 2020 baseline.

Waste Management Target:

- Waste separation to be implemented in all areas where Newlink Technology operates from 2021 onwards.
- 100% compliant disposal of hazardous waste to be maintained in all areas where Newlink Technology operates each year from 2021 onwards.

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4.4 Responding to Climate Change

In our operations during the Current Year, the Group pays significant attention to and actively manages the impact of its business activities on climate change, firmly supporting and aligning with China's initiative to achieve "3060 Carbon Peaking and Carbon Neutrality Goals", which aim to achieve carbon peaking by 2030 and carbon neutrality by 2060. We have continuously reduced greenhouse gas emissions through a series of concrete actions, including but not limited to improving energy efficiency and adopting clean energy, demonstrating our commitment to environmental protection and long-term investment in sustainable development. The Group aims to reduce our negative impact on the environment while making a positive contribution towards achieving global climate goals.

During the Current Year, the Group has conducted an in-depth analysis of the potential impact of climate change on our business. We recognize that acute climate events such as frequent floods and heavy rainfall may disrupt our business continuity and delay the construction schedule. Meanwhile, chronic climate risks such as extreme temperatures and droughts may cause increased energy consumption in the office and increase operating costs.

In response to the challenges posed by climate change, the Group has taken forward-looking measures. We have implemented flexible work arrangements, including remote work and flexible working hours, to ensure the safety of employees and maintain the stability of business operations. In addition, we actively take measures to reduce energy consumption and improve energy efficiency, especially when facing extreme weather conditions.

In terms of addressing the transition risks related to climate change, the Group is committed to continuously improving and optimizing our business strategies and processes of operations. We are accelerating product innovation to adapt to the challenges caused by climate change. Through these efforts, we aim to ensure our continuous grow and protect our employees' well-being and the stability of our business to achieve long-term sustainability goals.

While responding to climate change, the Group has also seized opportunities. By improving the efficiency of energy and water resource and reducing waste, we have reduced operating costs and realized financial savings. At the same time, continuous innovation has improved our ability to continue as a going concern and helped us to effectively meet the changing needs of our customers, maintaining our advantage in the intense market competition.

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5. VALUE OUR TALENT

The Group has always regarded our employees as the most valuable assets, and is committed to upholding the corporate values of "integrity-based, pioneering and innovative, service-oriented and common development". We are committed to creating with a safe, healthy and inclusive work environment for our employees, as well as focusing on their professional growth and personal development. The well-being and satisfaction of our employees is our focus. We enhance team spirit and raise employees' environmental awareness by organizing online and offline team-building activities.

We strictly comply with health and safety-related laws and regulations, and take proactive measures to ensure the safety and health of our employees. In terms of employee training and development, we invest considerable resources to provide diverse training opportunities to support employees in improving their professional skills and leadership capabilities. Employees are encouraged to participate in internal and external learning and exchange activities to facilitate their career development.

We are aware that diversity and inclusion are key to a company's success, therefore, we are constantly improving our talent development strategy and are committed to creating a fair, healthy, safe, and inclusive work environment. The Group promotes a culture of equality and respects the uniqueness of each individual within the Group and is committed to providing equal development and promotion opportunities for each employee. We firmly oppose any form of discrimination, including but not limited to race, gender, age, religious beliefs, disability status, marital status, pregnancy, or any other non-statutorily prohibited grounds for discrimination.

5.1 Compliance and Ethical Employment Practices

The Group is continually committed to protecting their rights and interests to ensure that each employee can work in a fair and safe environment. We demonstrate our steadfast commitment to employee well-being by providing support and protection to our employees through continuous efforts. We strictly comply with employment-related laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on Work Injury Insurance, the Law of the People's Republic of China on the Protection of Minors, the Regulations on the Prohibition of Child Labor, and the Regulations on the Special Protection of Minor Workers, and have formulated internal policies including the Human Resources Workbook and Staff Management Regulations etc., which cover recruitment, remuneration, attendance, training, employee development, leave, termination of employment and procedures for other employment-related matters in order to effectively protect the rights and interests of employees.

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The Group has developed a standardized talent recruitment system, which clarify the division of work and organizational procedures in the recruitment process. Through diversified strategies of combining both internal promotions and external recruitment, we are able to attract and select outstanding talents that meet the diverse talent needs of the Group. Since existing employees have a deep understanding of the corporate culture and are more loyal to the Company, we prioritize filling technical vacancies with existing employees to improve the allocation of human resources and boost employee enthusiasm. For external talent recruitment, we adopt various recruitment channels, including campus recruitment, media advertisements, employee referral, job fairs and cooperation with headhunting agencies, depending on the position's characteristics and level. We adhere to the principles of transparency, fairness, and equality in the recruitment process, conduct a comprehensive evaluation based on candidates' educational background, work experience, professional skills, and job suitability, and assess the candidates in various ways so as to select the most suitable talents and ensure that the overall quality of the newly recruited employees meets the Company's expectations.

Before new employees formally join the Group, we will sign necessary documents including labor contracts, confidentiality agreements, employment registration forms with them to ensure their legal rights and interests are fully protected. We respect the freedom of career choice of employees. If an employee decides to resign, he/she must submit a resignation application in writing to his/her immediate supervisor. After receiving the employee's request to resign, the department head will promptly communicate with the employee to understand the reason for resignation, and ensure a smooth handover of duties in accordance with the guidelines of the Resignation Handover Signature Form.

We encourage employees to work more efficiently during office hours and minimize overtime. To achieve this goal, we implement performance appraisal (evaluation), attendance and leave management policies to ensure that employees enjoy standard working hours and annual leave and other benefits. These policies help us to monitor the working hours of our employees, and ensure that, when necessary, overtime employees are provided with appropriate compensation in accordance with relevant laws, regulations and company policies.

We strictly comply with relevant laws and regulations regarding the prohibition of child labor and forced labor, and conduct thorough identity and qualification checks on job applicants during the recruitment process to ensure that they meet the legal working age. If child labor is found, we will take immediate action to stop his/her work and handle the situation according to the law. In such cases, we will conduct thorough investigations to identify and rectify any potential loopholes in the recruitment process to prevent any recurrence. The employee contracts we sign with our employees clearly protect the rights and freedoms of our employees and resolutely prohibit any form of forced labor. During the Current Year, the Group was not involved in or found to have violated any laws and regulations relating to employment and labor practices, prevention of child labor and forced labor.

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5.2 Benefits and Compensation Management of Staff

We are committed to inspiring the potential of our employees by providing comprehensive compensation packages, which include basic salary, performance bonus, and various benefits, to ensure that every employee enjoys reasonable remuneration and fair promotion opportunities. During the Reporting Period, we continued to implement the previously established policies such as "Staff Management Regulations", "Staff Development Management Regulations", "Position Review Related Job Descriptions", "Management Regulations for Selection and Appointment of Management Sequence Staff", "Staff Position Grade Review Management Regulations", "Performance Appraisal System", "Staff Code of Conduct" and other systems. We strive to maximize the potential of our employees by offering a broad platform for them to grow alongside the Company and achieve success in career. Through regular performance evaluations, we fairly assess employee performance and base promotion opportunities on such evaluations, ensuring transparency and fairness in the promotion process. Meanwhile, we formulate training and talent pooling programs based on the demand for talent and vacancies within the Group, providing development opportunities for employees and promoting their career growth. We place great importance on employee feedback and regularly conduct employee satisfaction surveys to collect their opinions. We also encourage employees to make suggestions, voice concerns, and report any violations via various channels of communication such as telephone, email, and letter. We have established a public feedback and response mechanism to make sure that employees' suggestions and opinions are valued and properly addressed, so as to promote the sustainable development of the Company.

The Group pays high attention to people-oriented management and is committed to creating a positive working environment for our employees. We provide a range of benefits to our employees, including but not limited to, free medical check-ups, personal accident insurance, communication allowance, and holiday benefits for employees based on the needs of different positions, as a demonstration of our care for employees. Employees are also entitled to various types of paid leave, including statutory holidays, annual leave, wedding leave, maternity leave, and breastfeeding leave. We strictly comply with relevant standards to ensure that employees' working hours, salaries, and benefits are in line with regulations. In order to further enhance employee engagement and team cohesion, we regularly organize, and encourage employees to actively participate in, various staff activities to enhance employees' sense of belonging, and foster a more proactive work attitude.

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We are working to provide comprehensive employee benefits packages to assure employee satisfaction. During major festivals and holidays in 2024, we prepared abundant holiday benefits for all employees of the Company, which not only reflected the Group's care for the health of our employees, but also embodied our promotion of a healthy lifestyle.

Employee holiday benefits

5.3 Occupational Health and Workplace Safety

The Group is committed to safeguarding the safety and health of employees, and undertakes to create a safe working environment while strictly complying with the Regulations on Work-Related Injury Insurance, the Administrative Measures for the Identification of the Labor Ability of Workers with Work-Related Injuries, the Administrative Regulations on Occupational Health Examination and other laws and regulations. In the past three years (including 2024), the Group did not have any risk of occupational diseases, no major health and safety accidents and no work-related fatalities occurred. During the Current Year, the Group had no lost workdays due to work-related injuries.

The Group has always given top priority to the health and safety of its employees. We provide comprehensive protection measures, including medical insurance, work injury insurance and personal accident insurance for our employees according to the requirements of relevant laws and regulations, and have established a comprehensive work injury protection system. We have implemented the "Management Measures of Employee Medical Examination", ensuring that employees who have worked for more than one year can enjoy the annual free medical examination. At the same time, we proactively promote fire safety training to improve employees' safety awareness, and regularly organize health training and occupational health seminars, including inviting professional medical personnel to provide on-site massage and physical therapy for employees to promote employee physical fitness. When an employee is injured at work, we will ensure that the injured person receives medical treatment in a timely manner and that the work-related injuries are identified and handled for strictly according to the requirements of relevant laws and regulations.

5.4 Employee Development and Career Growth

The Group is committed to improving employees' professional skills and innovative thinking through continuous education and training, so that employees can enhance their skills and broaden their knowledge areas. To this end, we provide abundant training opportunities for employees to cultivate and develop outstanding talents to make significant contribution to the prosperous development of the Company. We have formulated a comprehensive "Training Management System" and "2024 Training Plan" under the guidance of the "Human Resources Work Manual", covering both internal and external courses. Internal courses focus on corporate culture development, new employee induction training, workplace stress management, job responsibility training, sales skills enhancement, and office software proficiency, aiming to deepen employees' understanding of the Company and improve their role adaptation. At the same time, external courses offer professional training such as technical management training, middle management skills, risk control, and compliance supervision to strengthen the management's decision-making capabilities and risk prevention awareness.

In addition to regular annual and monthly training, the Group has established a multi-level training system based on business requirements to provide appropriate training support for employees at various stages of their career development. Primarily targeted at new employees, entry-level training includes basic induction training, general skills enhancement, interview skills, and product knowledge. Intermediate training focuses on the development of job-related professional skills, ensuring at least two professional advancement opportunities each year. Advanced training is dedicated to enhancing the management capabilities and leadership of the management team, closely aligning with the Group's long-term development strategy. During the Reporting Period, we collaborated with a professional third-party training institution to provide a wealth of diversified advanced courses for the management, ensuring they are equipped with the latest professional and legal knowledge and skills at the earliest opportunity.

In addition to regular training, we also arrange for employees to participate in external courses based on development needs and specific job requirements. Meanwhile, we encourage employees to serve as internal lecturers within the Company. We have selected a group of employees passionate about corporate education and training to support and drive our training program.

To optimize human resource allocation, unleash the potential of employees, and ensure that their career development keeps pace with the Company's growth, we have introduced the "Regulations on Employee Development Management" to encourage employees to utilize their professional strengths, provide equal promotion opportunities for all employees, and ensure that every employee has ample room for career growth, thereby enhancing the overall competitiveness of the Company.

During the Current Year, the Group formulated the "Performance Management Measures for the Talent Strategy Department", introducing a set of systematic performance indicator management method to evaluate employees' performance in projects. The method conducts a comprehensive evaluation on a quarterly basis from multiple dimensions, with each dimension assigned a corresponding weight. Performance ratings are divided into different levels, and the final performance rating of an employee is determined based on the scores of various dimensions.

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In the performance management process, we emphasize communication between supervisors and employees, requiring face-to-face interviews during performance plan development and evaluation to ensure mutual agreement on performance goals and evaluation criteria. In addition, we provide detailed instructions for completing forms and a performance indicator database, which includes assessment content and evaluation criteria for various technical and non-technical indicators to ensure objectivity and consistency in evaluations.

6. CORPORATE COMPLIANT OPERATION

6.1 Supply Chain Management

The Group is committed to promoting the sustainable management of supply chain by strengthening the supply chain management system to ensure the quality of products and services. We have formulated the "Tender Management Measures" and "Procurement Management Measures" in accordance with the relevant laws and regulations such as the Law of the People's Republic of China on Bidding and Tendering and the Contract Law of the People's Republic of China, to standardize our procurement processes and improve our procurement efficiency. We have created unified data files for all suppliers and have dedicated personnel to manage them.

Given the nature of the Group's business, our suppliers mainly include software suppliers, technical support service providers, electronic equipment suppliers, decoration service providers and human resources outsourcing service providers. In 2024, our primary suppliers were software/hardware suppliers and all of them were from Mainland China, with a total of 68 suppliers. All suppliers have complied with our supplier management standards.

The procurement of the Group's self-use software, fixed assets, office supplies, outsourcing personnel and professional services is governed by the "Procurement Management Measures". The procurement team conducts quality and price comparisons based on market research to select suppliers offering high cost-effectiveness and excellent service quality. We have established an optimized procurement process, covering stages such as procurement application, approval, inquiry and negotiation, ensuring the protection of the legitimate rights and interests of both parties.

Before establishing a cooperative relationship with suppliers, we will sign detailed contracts that outline the product specifications, cooperative duration, price terms, payment methods, rights and obligations of the contracting parties, confidentiality terms, contract termination conditions and other parts. Before we select the suppliers and during the cooperation process, our commercial department will rigorously review the qualifications, industrial and commercial registration information, legal proceeding records, operating conditions and risks, intellectual property rights and other information to ensure their legality and compliance. Upon successful review, our commercial department will submit an evaluation report to the demand department for reference. The demand department will also perform an annual evaluation of the suppliers on a regularly basis.

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We carefully assess the environmental and social risks and conduct rigorous review when selecting and engaging service providers. We perform in-depth assessments of key areas, including environmental management, occupational health and safety, anti-corruption measures, and product quality responsibility. We have established specific requirements and evaluation standards based on the type of suppliers.

- ***Equipment Suppliers***
  - o The supplied products must meet the national environmental protection requirements.
  - o Under the same conditions, priority will be given to energy-saving and environmentally friendly products.
- ***HR Outsourcing Service Provider***
  - o Strictly compliance with the Labor Law of the People's Republic of China.
  - o Compliance with the Labor Contract Law of the People's Republic of China.
  - o Protect the legitimate rights and interests of employees in accordance with the Work Injury Insurance.
- ***Renovation Service Provider***
  - o Use materials that meet national environmental and safety standards.
  - o Implement environmental and safety management measures during the decoration process.

6.2 Customer Service Comes First

The Group boasts a series of innovative products and technologies, while strictly adhering to business ethics. We are committed to serving society and our customers by providing excellent products and services to establish and maintain a strong reputation. Our goal is to create long-term value for both our customers and society through continuous innovation and pursuit of high standards, ensuring that both our customers and society can benefit from our high-quality products and services.

6.2.1 Customer Relationship Management

The Group prioritize customers' experience as the core of our business operations, and strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other relevant laws and regulations. In order to improve the quality of customer service and customer satisfaction, we adhere to the principle of "Customer First" and have formulated the "Customer Service Management System". We provide our customers with telephone support services five days a week, 8 hours a day, and online customer service for 10 hours daily, ensuring timely responses to customer service and inquiries, and providing a convenient and effective communication channel between users and the Company.

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The Group places highly great emphasis on customer feedback and suggestions, offering multiple feedback channels, including email, complaint hotlines, and online complaint platforms, to ensure that customer demands are met in a timely manner. Upon receiving customer feedback, we will record the content in detail, analyze the cause and clarify the relevant responsibility. We will engage in timely communicate with customers to develop and implement appropriate resolutions. During the Current Year, we did not receive any serious complaints related to products and services, and our customer satisfaction remains high. We have successively received numerous appreciation letters and commendation letters from customers, highly appreciating the outstanding performance of our employees.

6.2.2 Product Quality and Safety Assurance

The Group is committed to providing customers with safe and healthy products and services. We strictly comply with the Product Quality Law of the People's Republic of China, and have formulated the "Pre-sales Project Management Measures" and "Scheme Management Committee Management Measures", to cater to the needs of different customers and various service requirements and to ensure the consistency of our service standards. We continuously optimize service quality by implementing customized service quality management strategies to ensure the standardization of our service processes and the precise fulfillment of customer needs.

To ensure service quality, we have implemented a standardized review process to ensure that customer needs are responded to promptly and handled by designated personnel within the agreed timeframe to meet the expected objectives. The Group pursues the provision of efficient and reliable services, and is committed to enhancing customer satisfaction. In addition, we have established standardized review and confirmation mechanisms to ensure that every customer requirement is meticulously recorded and properly addressed within the specified timeframe to meet the expected service standards. Since the Group focuses on the quality of its products and services, there were no cases requiring recalls due to health and safety issues during the the Current Year.

The Group has obtained a number of certifications to internationally recognized standards related to quality and safety, as follows:

- ISO27001 Information Security Management System Certification;
- ISO20000 Information Technology Service Management System Certification;
- CMMI5 Maturity Integration Model;
- ISO9001 Quality Management System Certification.

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We also have different measures in place to ensure the quality and safety of our products and services at each stage:

- In product design process
  - Use mature encryption
  - Implement anti-attack and anti-tampering measures
  - Ensure the quality and security of the product
- Before product delivery to customers
  - Carry out professional tests on product functions and performance
  - Ensure product quality meets contractual requirements
- After product delivery to customers
  - Provide professional technical support
  - Provide training services for customers
  - Ensure the solutions are running smoothly and fully functional

In order to strengthen the quality control in the R&D process, we have established a Technical Management Committee and a Quality Management Team. The Quality Management Team has a full-time administrator who is responsible for formulating the quality management plan and configuration management plan for each R&D project, tracking, monitoring and managing the project quality, to ensure all quality management work can be carried out effectively in the product development process and meet the relevant requirements. The Technical Management Committee is responsible for quality control of the product research and development, and has formulated the management method of software development project grading supervision and control. Based on the difference in complexity and importance of projects, we have designed corresponding management processes for each level of projects, and ensured product quality covering key points such as business, application, data and technical architecture through review work to meet customer needs.

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6.2.3 *Innovation-Driven Product Upgrade*

The Group adheres to the innovation-driven concept, with self-developed software as the cornerstone, increasing investment in technology research and development and product innovation, and obtaining 31 software copyrights during the Reporting Period, of which 4 were applied to the financial industry, 21 were applied to the medical industry, and 6 were applied to other general industries. Through the application of innovative products, the Group offers customers with smarter and more efficient services.

The Group will continue to deepen its understanding of customer needs, focusing on technological innovation, and providing more comprehensive solutions and products through sustained R&D investment to achieve broader market and industry applications.

6.2.4 *Information Protection and Privacy Security*

As a leading IT solution supplier, the Group is committed to protecting the privacy and data security of our customers, ensuring that users have full confidence in our services. We comply with the Network Security Law of the People's Republic of China, Regulations on the Protection of Personal Information of Telecommunications and Internet Users, Regulations on the Protection of Computer Software, Measures for the Management of National Health Care Big Data Standards, Security and Services, Personal Data (Privacy) Regulations, Measures for the Registration of Computer Software Copyrights, Mobile Network Personnel Privacy Policy and other laws and regulations. To ensure compliance, we have developed a set of internal policies, including internal network access control, system operation management, telecommunication equipment security management, security incident emergency response mechanism, user information security protection, and business continuity operation management to ensure the effectiveness and security of daily operations and maintenance.

To secure a safe development environment within the Group, and ensure that all test data used during products development process meets confidentiality and desensitization standards, we sign confidentiality agreements with all employees, explicitly requiring them to maintain customer data, major research and development projects and other trade secrets. We use and maintain customer information in accordance with the law and regulations, and employees are only permitted to use or disclose such data within a limited scope upon obtaining explicit written consent from the customer, so as to protect customers' rights and interests. Besides, we regularly provide data security and privacy protection training courses for our staff to increase their confidentiality awareness.

6.2.5 *Intellectual Property Protection*

The Group strictly complies with the Copyright Law of the People's Republic of China, Trademark Law of the People's Republic of China, Patent Law of the People's Republic of China, Tort Liability Law of the People's Republic of China and other relevant laws and regulations, so as to protect its own intellectual property and to prevent infringement of others' intellectual property rights. We have formulated the "Scheme Management Committee Management Measures" to regulate the management and protection process of intellectual property rights. We require all employees to strictly comply with relevant laws, regulations and intellectual property agreements, and to use relevant rights only after obtaining formal authorization from the intellectual property owners. We have also set a dedicated management department to supervise the use of intellectual property rights and to maintain detailed records and implement necessary disciplinary actions for any violations of intellectual property rights.

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In order to strengthen the management of intellectual property rights and patents, we have set up a Program Management Committee to be responsible for dealing with related affairs. A business development department has been established under the Committee to lead the Group's intellectual property protection strategy. Meanwhile, we have dedicated personnel for the audit and management of trademarks, and regularly conduct internal inspections to ensure that all trademarks in use have been legally registered and recognized by the state and to safeguard the legality, consistency and standardization of their use. As of the end of 2024, we have registered 9 domain names, 234 copyrights, 2 trademarks and 1 patent in China.

6.2.6 Responsible Marketing

The Group strictly complies with the Advertising Law of the People's Republic of China and other relevant laws, regulations and industry standers, striving to ensure that our business promotion activities meet standards in terms of accuracy, legality and effectiveness of publicity. To this end, we have formulated the "Scheme Management Committee Management Measures", which establishes the guidelines that promotional materials shall be truthful, accurate and non-exaggerated, and regulates the promotional process and standards to safeguard the authority, timeliness and accuracy of promotional content.

The Group is committed to publishing lawful, truthful and accurate information to ensure that the Group, its products and services is described in a realistic manner. To this end, we have established a sound publicity process. The Marketing Department and Brand PR Department are responsible for supervising and managing the external publicity, and strictly reviewing all marketing information, including information from public media, exhibition, promotional activities and promotional materials. At the same time, we have dedicated legal, intellectual property and trademark management departments to conduct a secondary review of promotional content, so as to ensure accuracy and prevent improper use.

Furthermore, the Group will promptly retract, clarify or issue an official statement regarding any information that is inaccurate or non-compliant with applicable regulations. In case of any infringement on the Group's rights and interests, we will take necessary legal actions to protect our legitimate rights.

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6.3 Integrity in Corporate Governance

As the core values of the Group, compliance and integrity are the cornerstone of our operations. We are in strict compliance with the requirements of laws and regulations relating to anti-corruption, bribery, extortion, fraud and anti-money laundering, including the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Prevention of Bribery Regulations. We have also formulated the "Anti-Fraud and Anti-Corruption and Reporting and Complaint Management Measures", which provide the Board and all employees with fraud prevention measures, whistle blowing and complaint procedures, case investigation and reporting mechanisms as well as remedial actions and disciplinary measures, to strengthen corporate governance and internal control, safeguard the legal rights and interests of the Company and its shareholders, ensure the right of employees and third parties to report or complain non-compliant behavior, and achieve our business objectives and sustainable, stable and healthy development of the Company. During the Current Year, the Group did not identify any violations of anti-bribery or anti-corruption laws and regulations.

The Group has established a sound internal control system and implemented an effective reporting and complaint mechanism to prevent and detect potential fraud and corruption. If any fraudulent or corrupt activities are discovered, we will take appropriate and decisive corrective actions and disciplinary measures.

We require all employees to comply with relevant laws and regulations, industry standards, professional ethics and Company policies. Employees must report any suspected fraud or corruption through official channels to the anti-fraud organization. The Group has set up a dedicated anti-fraud working group responsible for managing relevant reporting channels, including telephone hotlines, mailboxes and emails, allowing employees and external parties to submit reports, either under their real names or anonymously and ensuring that all reports are thoroughly documented and promptly reported to the superiors.

We emphasize the importance of a culture of integrity and regularly distribute anti-corruption related training materials to our directors and employees via email. At the same time, we conduct regular training on anti-corruption and anti-fraud ethics, which is mandatory for all directors and employees to enhance the integrity awareness of all employees. During the Current Year, the anti-corruption training rate for employees was 100%, and the anti-corruption and anti-fraud training rate for directors was 100%.

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7. COMMUNITY ENGAGEMENT

The Group is dedicated to fulfilling its commitment to sustainable development and social responsibility by fostering strong partnerships with local communities. We encourage and support our employees to engage in community activities, making a meaningful impact on society through their concrete actions. Recognizing societal needs, we encourage our employees to participate in volunteer activities and make charitable donations, fostering a sense of social responsibility among employees while contributing to social welfare and promoting the shared prosperity of our communities.

During the Current Year, the Group's amount invested in its participation in community service activities achieved RMB22,300, with a total of 19 employees participating in community service activities. The total time reached 12 hours. In particular, the Group's staff volunteer team, comprising 18 members, contributed 148 hours of service time.

The Group focuses on promoting sustainable development across various fields. Through the efforts of the ESG working group, we have successfully conducted multiple ESG-related activities, including old clothes donations and hiking activities.

Newlink Technology's Autumn "Olympic Forest Park Hiking(奥森健步走)" Public Service Activity was Held Successfully

Under the meticulous organization of the Group's ESG working group, we successfully held the Autumn "Olympic Forest Park Hiking" Public Service Activity. The activity was held at the Beijing Olympic Forest Park, aiming to promote a green, low-carbon and healthy lifestyle and deepen employees' understanding and practice of ESG concepts.

The activity covered a total distance of over 5 kilometers, and participants not only experienced the joy of outdoor exercise, but also passed by several renowned scenic spots, including the "Tianjing" viewing platform, allowing them to personally feel the tranquility and harmony of nature. This hiking activity not only enhanced employees' awareness and pursuit of a healthy lifestyle, but also demonstrated Newlink Technology's dual commitment to employee well-being and environmental protection.

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Employees of the Group actively responded, donating a total of 200 kilograms of old clothes during the Reporting Period. They received a donation certificate from Kenfei Poverty Alleviation and Difficulty Assistance Service Center, Xiaoshan District, Hangzhou City (杭州市蕭山區肯菲扶貧幫困服務中心) and participated in Hope for Pearl (撿回珍珠計劃) public welfare certificate which was a public welfare education assistance project initiated by Zhejiang Xin Hua Compassion Education Foundation (浙江省新華愛心教育基金會), helping underprivileged groups and academically outstanding junior and senior high school students from relatively difficult family backgrounds to enjoy fair and quality educational opportunities.

Certificates of charitable donations of the Group in 2024

Looking ahead, we will remain committed to the rigorous implementation of ESG-related policies and systems, continuously advancing the in-depth execution of ESG initiatives. By enriching the scope of ESG activities, we will further enhance the Group's efforts in sustainable development, upholding corporate social responsibility through concrete actions and high standards to generate greater value for society.

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Appendix I: Summary of Sustainable Development Information

The following is a summary of sustainable development information in the environmental context for the Current Year:

Environmental Scope[1,2]	Unit	Quantitative value for 2024
Air Emissions		
Nitrogen oxides (NO_X)	Kilogram	51.5
Sulfur oxides (SO_X)	Kilogram	0.1
Particulate matter (PM)	Kilogram	4.9
Greenhouse gas emissions[3]		
Direct GHG emissions (Scope 1)	Metric tons of carbon dioxide equivalent	23.6
Indirect GHG emissions (Scope 2)	Metric tons of carbon dioxide equivalent	120.8
Total greenhouse gas emissions (Scope 1 and 2)	Metric tons of carbon dioxide equivalent	144.4
Greenhouse gas emissions per capita (Scope 1 and 2)	Metric tons of CO_2 equivalent/employee	0.2
Greenhouse gas emissions per square meter (Scope 1 and 2)	Metric tons of CO_2 equivalent/m^2	0.02
Waste		
Hazardous waste[4]	Pieces	91
Hazardous waste generation per capita	Pieces/employee	0.15
Total non-hazardous waste[5]	Metric tons	16.2
Non-hazardous waste per capita	Metric tons/employee	0.03
Paper consumption		
Paper consumption	Kilogram	554.2
Per capita paper usage	Kg/employee	0.9
Energy consumption		
Total energy consumption	Megawatt hours	310.8
Energy consumption per square meter of floor space	MWh/m^2	0.05
Energy consumption per capita	MWh/person	0.5
Direct energy consumption	Megawatt hours	86.7
Natural gas consumption	Megawatt hours	16.9
Bus fuel consumption	Megawatt hours	69.8
Indirect energy consumption	Megawatt hours	224.1
Purchased electricity	Megawatt hours	224.1
Water consumption		
Total water consumption	Cubic meters	1,335.0
Water consumption density per capita	Cubic meters/employee	2.1

1 The scope of the data covers the entire Group.
2 Due to business characteristics, packaging material data is not applicable.
3 The main GHG emission in the administrative office building is the GHG generated by electricity consumption, so the GHG emission per unit area is only calculated for the GHG generated by purchased electricity in the administrative office building.
4 The types of hazardous waste involved in the Group's operations are mainly waste toner cartridges and ink cartridges.
5 The types of non-hazardous waste involved in the Group's operations mainly include domestic waste, food waste and recyclable waste. They are uniformly treated by a third party, and the data comes from the third-party clearing company.

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The following is a summary of sustainable development information in the social context for the Current Year:

Social Scope	Unit	Quantitative values for FY2024
Number of employees[6]		
Total number of employees	Number of people	622
Number of employees by gender		
Female	Number of people	158
Male	Number of people	464
Number of employees by type of employee		
Full-time junior employee	Number of people	509
Full-time mid-level management	Number of people	82
Full-time senior management	Number of people	31
Number of employees by employee contract		
Labor contract workers	Number of people	602
Labor service contract workers	Number of people	20
Interns	Number of people	0
Number of employees by age group		
Under 30 years old	Number of people	193
30-50 years old	Number of people	403
Over 50 years old	Number of people	26
Number of employees by region[7]		
Beijing	Number of people	419
Non-Beijing area	Number of people	198
Other Region (Including Hong Kong, Macau and Taiwan)	Number of people	5
Employee turnover rate[8]		
Total employee turnover rate	%	21.8
Employee turnover rate by gender		
Female	%	24.8
Male	%	20.7
Employee turnover rate by age group		
Under 30 years old	%	28.5
30-50 years old	%	18.4
Over 50 years old	%	16.1
Employee turnover rate by region		
Beijing	%	21.8
Non-Beijing area	%	21.7
Other Region (Including Hong Kong, Macau and Taiwan)	%	16.7

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Scope	Unit	Quantitative values for FY2024
Occupational Health and Safety		
Work-related fatalities (2022, 2023 and 2024)	Number of people	0
Work-related death rate (2022, 2023 and 2024)	%	0
Number of working days lost due to work-related injuries	Number of days	0
Development and Training		
Percentage of employees trained by gender[9]		
Female	%	96.2
Male*	%	102.2
Percentage of employees trained by employee category[9]		
Full-time junior employee*	%	102.2
Full-time mid-level management	%	96.3
Full-time senior management	%	87.1
Average number of training hours for trained employees by gender[10]		
Male	Hours	20.1
Female	Hours	20.0
Average number of training hours for trained employees by employment category[10]		
Full-time junior employee	Hours	22.2
Full-time mid-level management	Hours	12.9
Full-time senior management	Hours	15.0
Number of suppliers by geographic region		
North China	Company	46
East China	Company	10
South China	Company	9
Northwest China	Company	3
Central China	Company	0
Southwest China	Company	0
Total number of suppliers	**Company**	**68**

6 The employee-related data covers the whole Group and is the number of employees as of December 31 this Current Year.

7 The caliber of disclosure is the region where the employee performs their duties.

8 Employee turnover rate = number of lost employees ÷ (number of lost employees + number of employees at the end of the year) × 100%

9 The percentage of employees trained for the year is calculated as the number of employees trained in each category ÷ the total number of employees trained.

* The employee training data statistics cover the entire year, including the training data of those who have left during the year. As a result, the training percentage for male employees and full-time junior employees exceeds 100%.

10 The average number of employee training hours for the year is calculated as the number of employees trained in each category ÷ the number of employees in each category.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Environmental Scope			Related Sections
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4. Green Operation
	A1.1	The types of emissions and respective emission data.	Appendix I: Summary of Sustainable Development Information
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.1 Waste Management and Emission Control 4.3 Environmental Protection Targets and Practices
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1 Waste Management and Emission Control

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Scope			**Related Sections**
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Resource Conservation and Energy Utilization Optimization
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Resource Conservation and Energy Utilization Optimization 4.3 Environmental Protection Targets and Practices
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2 Resource Conservation and Energy Utilization Optimization 4.3 Environmental Protection Targets and Practices
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's business does not involve packaging materials
A3: Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4. Green Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green Operation
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.4 Responding to Climate Change
	A4.1	Description of the significant climate related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.4 Responding to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Scope			Related Sections
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Value Our Talent
	B1.1	Total workforce by gender, employment type (for example, full–or part–time), age group and geographical region.	Appendix I: Summary of Sustainable Development Information
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainable Development Information
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Occupational Health and Workplace Safety
	B2.1	Number and rate of work-related fatalities occurred.	5.3 Occupational Health and Workplace Safety Appendix I: Summary of Sustainable Development Information
	B2.2	Lost days due to work injury.	5.3 Occupational Health and Workplace Safety Appendix I: Summary of Sustainable Development Information
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Occupational Health and Workplace Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Scope			Related Sections
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Employee Development and Career Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Summary of Sustainable Development Information
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Summary of Sustainable Development Information
B4: Labor Standard	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Compliance and Ethical Employment Practices
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1 Compliance and Ethical Employment Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Compliance and Ethical Employment Practices
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Appendix I: Summary of Sustainable Development Information
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.1 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Scope			Related Sections
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	6.2.2 Product Quality and Safety Assurance 6.2.4 Information Protection and Privacy Security 6.2.6 Responsible Marketing
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Since the services provided by the Group are customized software services, there are no cases where products or services need to be recalled due to health and safety issues.
	B6.2	Number of products and service related complaints received and how they are dealt with.	6.2.1 Customer Relationship Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2.5 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	6.2.2 Product Quality and Safety Assurance
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.2.4 Information Protection and Privacy Security

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Scope			Related Sections
B7: Anti-Corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.3 Integrity in Corporate Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	6.3 Integrity in Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.3 Integrity in Corporate Governance
	B7.3	Description of anti-corruption training provided to directors and employees.	6.3 Integrity in Corporate Governance
B8: Community Investment	General Disclosure	Policies on community inclusion to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Community Engagement
	B8.1	Focus areas of contribution.	7. Community Engagement
	B8.2	Resources contributed (e.g. money or time) to the focus area.	7. Community Engagement

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 8 November 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Company is an investment holding company, and its subsidiaries established in the PRC are primarily engaged in providing IT solutions, especially technology-driven IT solutions based on self-developed software products. The services we provide to our customers include traditional solution services and innovative solution services. Our customers involve specific industries, such as finance, medical, transportation, logistics as well as general industries.

The principal activities and particulars of the Company's subsidiaries are shown under Note 42 to the consolidated financial statements. An analysis of the Group's revenue for the year ended 31 December 2024 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 December 2024, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" as well as this Directors' report of this annual report. A discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" in this annual report. In addition, a description of the environmental policies and performance of the Company is set out in the section headed "Environmental, Social and Governance Report" in this annual report. These sections form part of this Directors' report.

RESULTS

The consolidated results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 104 to 105 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

OTHER INFORMATION

Use of Proceeds from the Global Offering

The Shares in issue of the Company were listed on the Main Board of the Stock Exchange on 6 January 2021, whereby 200,000,000 new Shares were issued at the offer price of HK$4.36 per share by the Company. After deduction of the underwriting fees, commissions and other related costs and expenses, the net proceeds from the Global Offering of the Company amounted to approximately HK$790.4 million (representing net proceeds of HK$3.952 per new Share) (the "**IPO Proceeds**").

DIRECTORS' REPORT

In order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization of the IPO Proceeds and resolved to reallocate not more than HK$71.0 million of the surplus to pay the equity transfer consideration, to make the capital increase payment and to fulfill or pay capital contribution obligations for the acquisition of Neusoft Yuetong (the "**Re-allocation**"). For further details, please refer to the announcement of the Company dated 20 June 2022.

As at the beginning of the Reporting Period, the unutilized amount for developing new solutions and upgrading existing solutions was HK$266.2 million, HK$83.2 million of which was intended to develop and upgrade the Group's medical quality control warning system, HK$68.0 million of which was intended to develop the Group's clinical pathway management system, HK$37.4 million of which was intended to develop the Group's telemedicine system, HK$22.8 million of which was intended to develop a new solution of intelligent healthcare platform, HK$25.7 million of which was intended to upgrade the Group's RPA solution, and the unutilized amount for enhancing the Group's sales and marketing efforts was HK$29.1 million.

On 23 September 2024, after due and careful consideration on the prevailing business environment and development needs of the Group, the Board resolved to change the use of the unutilized IPO Proceeds to (i) reallocate the unutilized surplus of approximately HK$49.2 million for working capital and other general corporate purposes; and (ii) build on the Group's long-standing accumulated capabilities in independent research and development, capabilities in technological innovation, industry insights and customer needs, the Company will further enhance the original plan for developing new solutions and upgrading existing solutions by increasing the related investment plans for the development of innovative universal products and the development of innovative financial products, and will further reallocate the original plan of IPO Proceeds for developing new solutions and upgrading existing solutions: (a) approximately HK$38.9 million will be utilized to develop innovative universal products; and (b) approximately HK$20.0 million will be utilized to develop innovative financial products (the "**Further Re-allocation**"). For details, please refer to the announcement of the Company dated 23 September 2024.

During the Reporting Period, prior to the Further Re-allocation, HK$50.1 million was used for developing new solutions and upgrading existing solutions, among which HK$31.5 million was used for developing and upgrading the Group's medical quality control and safety warning system, HK$3.1 million was used for developing the Group's clinical pathway management system, HK$4.5 million was used for developing the Group's telemedicine system, HK$3.2 million was used for developing a new solution of intelligent healthcare platform, HK$7.8 million was used for upgrading the Group's RPA solution, and HK$7.4 million was used for enhancing the Group's sales and marketing efforts.

DIRECTORS' REPORT

The following table sets forth the details of the use of the IPO Proceeds after Further Re-allocation:

	Original allocation of the IPO Proceeds (approximate)		Allocation of IPO Proceeds after the Fist Re-allocation (approximate)		Further Re-allocation of the Unutilized IPO Proceeds (approximate)		Utilized amount during the Reporting Period after Further Re-allocation	Unutilized amount as of 31 December 2024	Expected timeline for the use of unutilized proceeds[1]
	Percentage	Amount	Percentage	Amount	Percentage	Amount			
		HK$ million		*HK$ million*		*HK$ million*	*HK$ million*	*HK$ million*	
For developing new solutions and upgrading existing solutions	**80.0%**	**632.3**	**72.8%**	**575.5**	**69.4%**	**144.8**	**27.2**	**117.6**	
– to develop and upgrade the Group's medical quality control and safety warning system	20.0%	158.1	18.2%	143.9	11.7%	24.4	7.9	16.5	
– to develop the Group's clinical pathway management system	20.0%	158.1	18.2%	143.9	11.6%	24.2	0.2	24.0	**By December 2025**
– to develop the Group's telemedicine system	10.0%	79.0	9.1%	71.9	3.5%	7.3	3.0	4.3	
– to develop a new solution of intelligent healthcare platform	10.0%	79.0	9.1%	71.9	6.1%	12.7	2.0	10.7	
– to upgrade the Group's RPA solution	20.0%	158.1	18.2%	143.9	8.3%	17.3	4.7	12.6	
– to develop innovative universal products	–	–	–	–	18.6%	38.9	4.1	34.8	
– to develop innovative financial products	–	–	–	–	9.6%	20.0	5.3	14.7	
For enhancing the Group's sales and marketing efforts	**10%**	**79.1**	**9.1%**	**72.0**	**7.0%**	**14.7**	**5.2**	**9.5**	**By December 2025**
For working capital and other general corporate purposes	**10%**	**79.0**	**9.1%**	**71.9**	**23.6%**	**49.2**	**48.6**	**0.6**	**By December 2027**
Funds proposed to be used for the Neusoft Yuetong Acquisition	–	–	9.0%	71.0	–	–	–	–	
Total	**100%**	**790.4**	**100%**	**790.4**	**100%**	**208.7**	**81.0**	**127.7**	

DIRECTORS' REPORT

Notes:

(1) Due to the Further Re-allocation, the Company expects the Unutilized IPO Proceeds will be fully utilized by December 2025 except for the Unutilized IPO Proceeds re-allocated for working capital and other general corporate purposes, which are expected to be fully utilized by December 2027. The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.

(2) Any discrepancy arising in the decimal figures in the table above is due to the effect of rounded figures.

(3) The utilization of IPO Proceeds for developing new solutions and upgrading existing solutions after the Further Re-allocation still includes the balance of the relevant unutilized IPO Proceeds of approximately HK$63.2 million originally planned for office lease, purchase and renovation for IT solutions as disclosed in the Prospectus.

The Company has utilized, and will continue to utilize the IPO Proceeds in accordance with the intended purposes as set out in the Prospectus and the announcements of the Company dated 20 June 2022 and 23 September 2024.

Use of Proceeds From the 2024 Placing

In order to raise capital in an efficient manner without increasing interest burden on the Group and strengthen the financial position of the Company, on 7 May 2024 (after trading hours), the Company entered into the placing agreement with the placing agent, pursuant to which the Company has agreed to place through the placing agent a maximum of 157,302,880 ordinary share(s) of par value of US$0.000001 each of the Company at the placing price of HK$0.28 per placing share (the "**2024 Placing**") to not less than six placees (corporate or individual investors) who and whose beneficial owners shall be independent third parties. On 7 May 2024, the closing price of the shares of the Company was HK$0.34 per share. On 14 May 2024, the Company completed the placement of 157,302,880 shares. The aggregate nominal value of the Placing Shares is approximately US$157.30. The total proceeds and the net proceeds from the 2024 Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK$44.04 million and HK$43.60 million, respectively, and the net price per Share was approximately HK$0.277. The net proceeds from the 2024 Placing will be applied to replenish general working capital of the Group.

Use of the net proceeds from the 2024 Placing during the Reporting Period is set out in the table below:

	The net proceeds from the 2024 Placing	Utilized amount during the Reporting Period	Unutilized amount as at the end of the Reporting Period	Expected timeline for the use of unutilized proceeds
Replenish general working capital of the Group	HK$43.60 million	HK$10.54 million	HK$33.06 million	By December 2027

Note:

(1) The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.

The Company has utilized, and will continue to utilize the proceeds from the 2024 Placing in accordance with the intended purposes as set out in the announcement of the Company dated 7 May 2024.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities, equity attributable to the owners of the parent and non-controlling interests of the Group for the last five financial years is set out on page 9 of this annual report.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended 31 December 2024 are set out in Note 16 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2024 are set out in Note 34 to the consolidated financial statements in this annual report.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2024, other than the Post-IPO Share Option Scheme as set out in the section under "Post-IPO Share Option Scheme", the Company has not entered into any equity-linked agreement.

RESERVES

Details of the movement in the reserves of the Group during the year ended 31 December 2024 are set out in Note 36 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company's distributable reserves were RMB643.4 million (2023: RMB710.1 million).

DIRECTORS' REPORT

BORROWINGS

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 32 to the consolidated financial statements.

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

During the Reporting Period, the Company repurchased a total of 5,952,800 Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration of approximately HK$2.47 million (inclusive of transaction fees such as brokerage fee, stamp duty and transaction levy). All of the Shares Repurchased are held as treasury shares. The repurchase of shares was effected because the Board considered that a share repurchase in the then conditions demonstrated the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

Particulars of the Shares Repurchased during the Reporting Period are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Aggregate consideration[(1)] (HK$)
December 2024	5,952,800	0.43	0.365	2,472,644

Note:

(1) Total consideration that is inclusive of transaction fees such as brokerage fee, stamp duty and transaction levy.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities (including sale of treasury shares) during the Reporting Period. As of 31 December 2024, the Company had 5,952,800 treasury shares (as defined under the Listing Rules) which are intended to be used for purposes such as employee incentives, sale or transfer to obtain liquid funds, etc. subject to the actual decision(s) making by the Board.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

DIRECTORS

During the Reporting Period up to the date of this annual report, the Board consists of the following Directors:

Executive Directors

Mr. ZHAI Shuchun *(Chairman and CEO)*
Ms. QIN Yi
Mr. LI Xiaodong

Independent Non-executive Directors

Mr. TANG Baoqi
Ms. YANG Juan
Mr. YOU Linfeng

In accordance with Article 16.19 of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 16.2 of the Articles, all Directors appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Such Director required to stand for re-election pursuant to Article 16.2 of the Articles shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation under Article 16.19 of the Articles.

Pursuant to Article 16.19 of the Articles, there should be 2 Directors who shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2025 AGM. Ms. QIN Yi and Mr. TANG Baoqi will retire from office and, being eligible, offer themselves for re-election at the 2025 AGM.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company as of the date of this annual report are set out on pages 12 to 16 in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company, and each of the independent non-executive Directors has entered into a letter of appointment with the Company. The service contracts with each of the executive Directors are for an initial fixed term of three years commencing from the date of the service contract. The letters of appointment with each of the independent non-executive Directors are for an initial fixed term of three years commencing from the date of the appointment. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

DIRECTORS' REPORT

CONTRACT WITH CONTROLLING SHAREHOLDER

Save as disclosed in this report, no contract of significance has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the year ended 31 December 2024.

DIRECTOR'S INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in this report, no transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Company are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The remuneration (including salaries, allowances, pension scheme contributions and other benefits) paid to the Directors in aggregate for the year ended 31 December 2024 was approximately RMB2.83 million.

The five highest paid individuals of our Group for the year ended 31 December 2024 included 2 Directors, whose remuneration is included in the aggregate amount we paid to the relevant Directors set out above. The remuneration (including salaries, allowances, pension scheme contributions and other benefits) paid to the remaining 3 highest paid individuals in aggregate for the year ended 31 December 2024 was approximately RMB2.71 million.

For the year ended 31 December 2024, no emoluments were paid by the Group to any Director or any of the 5 highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2024.

Details of the Directors' emoluments and remunerations of the five highest paid individuals in the Group are set out in Note 11 and Note 12 to the consolidated financial statements in this annual report.

Save as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by the Group to or on behalf of any of the Directors.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors nor the Controlling Shareholders or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

PENSION SCHEME

Details of the pension scheme of the Group are set out in Note 3 to the consolidated financial statements in this annual report.

DIRECTORS' REPORT

INDEMNITY OF DIRECTORS

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers. Such insurance was valid throughout the financial year ended 31 December 2024 and still remains in effect as at the date of this annual report. No indemnity was made by the Company in the Reporting Period and up to the date of this annual report.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and letters of appointment as disclosed in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2024.

LOAN AND GUARANTEE

During the Reporting Period, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its Controlling Shareholders or their respective connected persons.

DISCLOSURE REQUIRED UNDER RULE 13.18 OF THE LISTING RULES

As at 31 December 2024, there were no matters that gave rise to a disclosure required under Rule 13.18 of the Listing Rules.

POST-IPO SHARE OPTION SCHEME

On 5 December 2020, the Company adopted the Post-IPO Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

Qualified participants of the Post-IPO Share Option Scheme include (i) any employee (whether full time or part time) of the Company or its subsidiaries, including any officer or executive Director, (ii) any independent non-executive Director, and (iii) any consultant of the Company or its subsidiaries as the Board may in its absolute discretion select.

The number of options available for grant under the Post-IPO Share Option Scheme at the beginning of the Reporting Period and at the end of the Reporting Period is 80,000,000 options. There is no service provider sublimit under the Post-IPO Share Option Scheme.

The Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme shall not exceed 80,000,000 Shares, representing approximately 8.53% of the total issued share capital of the Company (excluding treasury shares) on the date of this annual report.

DIRECTORS' REPORT

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 5 December 2020, with the remaining validity period of approximately 5 years and 8 months (as of the date of this report), and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

Participants are not required to pay any amount to apply for or accept a share option.

The exercise price of share options under the Post-IPO Share Option Scheme is determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

No share options have been granted under the Post-IPO Share Option Scheme since its adoption and up to the date of this report.

A summary of the terms of the Post-IPO Share Option Scheme has been set out in the section headed "D. Post-IPO Share Option Scheme" in Appendix IV of the Prospectus.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at the end of the Reporting Period, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in Shares of the Company

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital[(1)]
Mr. Zhai	Interest in a controlled corporation	304,500,800	32.26%
Ms. QIN Yi	Beneficial owner	1,604,800	0.17%

Note:

(1) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at the end of the Reporting Period, being 943,817,280 Shares.

DIRECTORS' REPORT

Save as disclosed above and to the best knowledge of the Directors, as at the end of the Reporting Period, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the end of the Reporting Period, to the best knowledge of the Directors, the following corporations/persons had interests of 5% or more in the issued Shares according to the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in Shares of the Company

Name	*Note*	**Capacity**	**Number of ordinary shares interested**	**Approximate percentage of the Company's issued share capital[3]**
Nebula SC		Beneficial owner	304,500,800	32.26%
Mr. Zhai	*(1)*	Interest in a controlled corporation	304,500,800	32.26%
Earnest Kai Holdings Limited		Beneficial owner	138,400,000	14.66%
Mr. YUAN Yukai	*(2)*	Interest in a controlled corporation	138,400,000	14.66%
Mr. GUO Hao		Beneficial owner	80,000,000	8.48%

Notes:

(1) Mr. Zhai is deemed to be interested in the entire interests held by Nebula SC, a company wholly owned by him. Mr. Zhai is the director of Nebula SC.

(2) Mr. YUAN Yukai is deemed to be interested in the entire interests held by Earnest Kai Holdings Limited, a company wholly-owned by him.

(3) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at the end of the Reporting Period, being 943,817,280 Shares.

(4) Pursuant to section 336 of the SFO, Shareholders are required to submit forms of disclosure of interest (the "Forms of Disclosure of Interest") when certain criteria are fulfilled, and the full details of the relevant provisions are available on the official website of the Stock Exchange. When there is a change in the shareholding of the Company by Shareholders, the Company and the Stock Exchange need not be notified unless certain conditions are met. Therefore, the latest shareholding of the major Shareholders in the Company may differ from that submitted to the Company and the Stock Exchange. The statement regarding the interests of the major Shareholders has been prepared based on the information contained in the relevant disclosure of interests forms received by the Company as at 31 December 2024. The Company may not have sufficient information regarding the details of the relevant interests and is unable to verify the accuracy of the disclosed interest form information.

Save as disclosed above and to the best knowledge of the Directors, as at the end of the Reporting Period, no person had registered an interest or a short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed by this report, at no time during the year ended 31 December 2024 was the Company, its holding company, or any of the Company's and its holding company's subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's largest customer accounted for approximately 19.9% of the Group's total revenue from continuing operations. The Group's five largest customers accounted for approximately 59.8% of the Group's total revenue from continuing operations.

During the Reporting Period, the Group's largest supplier accounted for approximately 33.2% of the Group's total purchases. The Group's five largest suppliers accounted for 71.7% of the Group's total purchases.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Shares.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 31 December 2024, the Group had 622 employees. The staff costs including Directors' emoluments were approximately RMB152.6 million in 2024.

Remuneration of the Group's employees includes basic salary, bonuses and cash subsidies. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

We adopted the Post-IPO Share Option Scheme on 5 December 2020, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to provide incentives and rewards to eligible persons for their contribution to, and continuing efforts to promote the interest of the Group.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to our employees' continuing education and development. We provide preemployment and regular continuing trainings to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require. Also, we continuously provide comprehensive trainings to our technical staff, equipping them with knowledge and skills to perform a variety of functions on different projects and allowing us to quickly find qualified and suitable replacement internally in the event of employee's demission.

DIRECTORS' REPORT

RETIREMENT BENEFITS SCHEME

The employees of the subsidiaries based in Mainland China are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the subsidiaries based in Mainland China are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits and the only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. In addition, the Group participates in a defined contribution scheme (the "**MPF Scheme**") available to its Hong Kong employees in compliance with the Mandatory Provident Fund Schemes Ordinance. The Group's and employees' contributions to the MPF Scheme are based on a specified percentage of the employees' basic salaries and are required to be paid in accordance with the relevant rules.

There are no forfeited contributions available to the Group as an employer to reduce the current level of contributions.

CONNECTED TRANSACTIONS

On 31 December 2024, Neusoft Yuetong, Mr. Tian Weihai ("**Mr. Tian**"), Liaoning Neusoft Venture Capital Co., Ltd.* (遼寧東軟創業投資有限公司)("**Neusoft Venture Capital**") and Newlink Technology (Beijing) entered into the Compensation Agreement, pursuant to which, Mr. Tian and Neusoft Venture Capital have agreed to compensate Neusoft Yuetong with an aggregate amount of RMB4,634,067.94. On 31 December 2024, Neusoft Yuetong is a significant subsidiary of the Company. Mr. Tian holds 11.8585% equity interests in Neusoft Yuetong, and is a director and the general manager of Neusoft Yuetong. Neusoft Venture Capital is a substantial shareholder of Neusoft Yuetong holding 14.7601% equity interests in Neusoft Yuetong. Accordingly, Mr. Tian and Neusoft Venture Capital are connected persons of the Company at the subsidiary level under the Listing Rules. As such, the entering into of the Compensation Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 31 December 2024.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in Note 38 to the consolidated financial statements contained herein. Among such related party transactions during the Reporting Period, the compensation paid to the Directors of the Company constituted connected transactions of the Company which are fully exempt according to Rule 14A.95 of the Listing Rules.

In addition, the interest income received from Guanruitong in relation to disposal of a subsidiary as set out in Note 38 related to the transaction in which the Company disposed of 100% equity interest in Beijing Jiafutong Network Technology Co., Ltd. to Guanruitong (the "Disposals"). The Disposals constituted connected transactions for the Company as Guanruitong is an associate of Mr. Zhai Shuchun, a controlling shareholder and an executive Director of the Company. The Disposals have complied with the disclosure requirements under Chapter 14A of the Listing Rules for the year 2022. Please refer to the announcement of the Company dated 14 December 2022 for details of the Disposals.

DIRECTORS' REPORT

On 12 December 2024, Newlink Technology, Guanruitong and Mr. Zhai Shuchun entered into a supplemental agreement to the Equity Transfer Agreement in relation to the Disposals to amend the interest rate of the unpaid Fund Occupation Fee for the remaining two installments. According to the supplemental agreement to the Equity Transfer Agreement, for funds that have been occupied for more than one year and not exceeding two years from the signing date of the Equity Transfer Agreement, according to the specific occupied amount and duration of occupation and based on the corresponding interest rate for RMB two-year time deposits (for lump-sum deposit and lump-sum withdrawal) as officially published by Bank of China Limited during the period of occupying the funds, a Fund Occupation Fee shall be paid to Newlink Technology in 2024 together with the payment of the equity transfer consideration under the Equity Transfer Agreement; and for funds that have been occupied for more than two years and not exceeding three years from the signing date of the Equity Transfer Agreement, according to the specific occupied amount and duration of occupation and based on the corresponding interest rate for RMB three-year time deposits (for lump-sum deposit and lump-sum withdrawal) as officially published by Bank of China Limited during the period of occupying the funds, a Fund Occupation Fee shall be paid to Newlink Technology in 2024 and/or 2025 together with the payment of the equity transfer consideration under the Equity Transfer Agreement. Saved as disclosed above, all other terms and conditions under the Equity Transfer Agreement remain unchanged.

During the Reporting Period, except as disclosed in this report, the Group had no related party transaction that constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

AUDIT COMMITTEE

The Company's consolidated annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

AUDITOR

The Shares of the Company were listed on the Stock Exchange on 6 January 2021. Ernst & Young ("EY") acted as the auditor of the Company for the year of 2021. On 26 July 2022, EY has resigned as the auditor of the Company with effect from 26 July 2022, as the Company and EY could not reach a consensus in respect of the audit fee of the Company for the financial year ended 31 December 2022.

For the years ended 31 December 2022 and 2023, CCTH CPA Limited acted as the auditor of the Company.

On 28 May 2024, the Board, with the recommendation from the Audit Committee, resolved to appoint Mazars CPA Limited as the Company's auditor following the retirement of CCTH CPA Limited. On 26 June 2024, the Company passed an ordinary resolution at the 2024 AGM to appoint Mazars CPA Limited (currently known as Forvis Mazars CPA Limited) as the Company's auditor, with effect from the conclusion of the 2024 AGM and until the conclusion of the next annual general meeting of the Company.

DIRECTORS' REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business operations are subject to various laws and regulations in the software industry, financial information technology, information security and privacy as well as medical big data, which mainly include the Cyber Security Law of the PRC(《中華人民共和國網絡安全法》), the Data Security Law of the PRC(《中華人民共和國數據安全法》), the Personal Information Protection Law of the PRC(《中華人民共和國個人信息保護法》), the Cryptography Law of the PRC(《中華人民共和國密碼法》), the Administrative Measures for Software Products(《軟件產品管理辦法》), the Administrative Measures for Medical Quality(《醫療質量管理辦法》), the Labor Law of the PRC(《中華人民共和國勞動法》), the Labor Contract Law of the PRC(《中華人民共和國勞動合同法》)and other applicable regulations, policies and normative legal documents promulgated in accordance with or in respect of such laws and regulations. The Group carries out business in accordance with relevant laws and regulations. In addition, the Group has successively obtained ISO9001, ISO9000, ISO20000, ISO27001, CMMI5 and other quality management system certifications and industry certifications. Should there be any changes in the applicable laws, regulations and normative legal documents regarding its principal business, the Group will promptly notify relevant departments to ensure that the quality and safety of its products and services meet the latest requirements. For the year ended 31 December 2024, the Group is in compliance with the applicable laws and regulations in all material respects.

EVENTS AFTER THE REPORTING PERIOD

No significant event of the Group has occurred subsequent to 31 December 2024 and up to the date of this annual report.

For and on behalf of the Board

ZHAI Shuchun
Chairman

31 March 2025

INDEPENDENT AUDITOR'S REPORT

FORVIS MAZARS CPA LIMITED
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To the shareholders of Newlink Technology Inc.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Newlink Technology Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 104 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition – Software development services	
Refer to Note 3, Note 4 and Note 6 to the consolidated financial statements	
Revenue from software development services is recognised over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. For the contracts with a fixed price, the Group recognises revenue from software development services based on the actual direct costs incurred relative to the total expected costs to be incurred to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue require estimations from management based on the understanding of the performance of the contract, quotations from suppliers and subcontractors and the Group's historical experience. Revenue arising from contracts for software development services using the input method accounted for about 22% of the Group's total revenue. The contract assets derived from these revenue contracts accounted for about 12% of the Group's total assets as at 31 December 2024. We identified the revenue as a key audit matter due to the significant management judgements are involved in the estimation of the total contract costs including the assessment of the remaining contingencies that a project is or could be facing until completion.	Our procedures in relation to revenue recognition included: • Discussing and understanding the policies, internal controls and financial settlement procedures for cost and revenue recognition; • Discussing and understanding the status of the selected projects and underlying assumptions applied in the latest budgeted cost; • Testing on a sample basis, on the actual costs incurred, billing invoices and timesheet and comparing with the contract sum and budgeting costs to ensure that the costs are directly attributable to the contracts tested; • Reviewing the key contract information (including contract price, payment terms and list of work for each task) to the relevant contracts; • Evaluating management's budgets and reconciling the significant cost elements to signed contracts; • Comparing the gross profit margin of similar projects; and • Evaluating the reasonableness of management costs and revenue recognition by analytical procedure and comparing the gross profit margins of various revenues.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters

Expected credit losses assessment of trade receivables and contract assets

Refer to Note 3, Note 4, Note 23 and Note 39 to the consolidated financial statements

As at 31 December 2024, the Group's trade receivables and contract assets amounting to approximately RMB159,087,000 and RMB109,155,000 respectively (net of allowance for expected credit loss of approximately RMB44,878,000 and RMB854,000 respectively), accounted for about 18% and 12% of the Group's total assets in the consolidated statement of financial position, respectively.

The Group adopt a loss rate approach to calculate expected credit loss ("ECL") in trade receivables and contract assets. The loss rates are based on groupings of various customer segments that have similar loss patterns (i.e. by customer type and rating).

The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and then adjust these loss trends for current conditions and expectations about the future. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the determined loss-rate is adjusted. At each reporting date, the loss-rate statistics are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the loss-rate statistics, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's expected default data and forecast of economic conditions may also not be representative of a customer's actual default in the future.

We identified the ECL assessment on trade receivables and contract assets as a key audit matter due to the significant management's judgements and estimates involved in the ECLs assessment.

Our audit procedure in relation to ECL assessment of trade receivables and contract assets included:

- Obtaining an understanding of the Group's policies and procedures for the ECL assessment;
- Evaluating the objectivity, capabilities and competence of the independent professional qualified valuer ("Valuer");
- Reviewing the valuation report of the Valuer and holding discussions with the management and the Valuer to understand and assessing the valuation methodology, underlying assumptions and relevant forward-looking information applied;
- Inquiring with management for the reasons of variances by comparing the aging of accounts receivable and contract assets with previous periods;
- Assessing whether the trade receivables and contract assets were appropriately grouped for collective assessment by checking the nature and aging profiles of the trade receivables and contract assets, on a sample basis;
- Conducting sensitivity analysis on key assumptions to assess which changes (individually or collectively) would lead to different conclusions; and
- Considering the adequacy of the Group's disclosures regarding ECLs on trade receivables and contract assets included in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matters

Capitalisation of development costs

Refer to Note 3, Note 4 and Note 18 to the consolidated financial statements

As at 31 December 2024, the Group's intangible assets include deferred development cost of approximately RMB65,734,000, accounted for about 66% of the Group's total intangible assets in the consolidated statement of financial position.

The management applied judgment in identifying projects and expenditures attributable to the projects that met the criteria for capitalisation under the requirements of Hong Kong Accounting Standard 38 "Intangible Assets." Factors taken into account by management included the Group's intentions, availability of technical, financial, and other resources and technical feasibility to complete such projects, its ability to generate revenue from products developed through such projects, the likelihood of generating sufficient future economic benefits to the Group and its ability to measure the expenditure incurred on a specific project reliably.

We identified the capitalisation of development costs as a key audit matter due to the significance of the costs capitalised and the judgement involved in assessing whether the capitalisation criteria have been met.

How our audit addressed the key audit matters

Our audit procedure in relation to capitalisation of development costs included:

- Obtaining an understanding of the Group over its process to capitalise development costs and the implementation of internal controls designed by the Group;
- Testing, on a sample basis, on the costs to be capitalised;
- Discussing and understanding the nature of development costs incurred that are capitalised into intangible assets;
- Assessing the reasonableness of management's capitalisation by reviewing the related documents such as the project plan, the feasibility report, the market analysis report and approval from management; and
- Assessing whether the deferred development projects can generate future economic benefits by reviewing the signed revenue contracts and the approved budged contract costs.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 31 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Chan Chi Wai
Practising Certificate number: P05708

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
REVENUE	6	278,822	245,495
Cost of sales and services rendered	9	(239,953)	(208,404)
GROSS PROFIT		38,869	37,091
Other income and gains	7	12,054	10,569
Changes in fair value of investment properties	15	–	(21)
Changes in fair value of equity investments at fair value through profit or loss		(11,326)	4,271
Changes in fair value of contingent consideration	33	–	810
Allowance for expected credit losses on trade receivables and contract assets, net	9	(1,595)	(25,706)
Reversal of (impairment losses) on investment in an associate	9,20	1,838	(2,310)
Selling and distribution expenses		(16,166)	(13,979)
Administrative expenses		(45,790)	(36,942)
Research and development expenses	9	(71,524)	(42,315)
Other expenses		(691)	(1,294)
Finance costs	8	(1,969)	(1,323)
Share of results of an associate	20	232	178
LOSS BEFORE TAX	9	(96,068)	(70,971)
Income tax credit	10	3,049	1,287
LOSS FOR THE YEAR		(93,019)	(69,684)
		RMB cents	RMB cents
LOSS PER SHARE			
Basic and diluted	14	(10.44)	(8.79)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 *RMB'000*	2023 *RMB'000*
LOSS FOR THE YEAR		**(93,019)**	(69,684)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Revaluation surplus on transfer of owned properties to investment properties	*15*	**9**	420
Exchange difference arising on translation from functional currency to presentation currency		**6,790**	5,642
		6,799	6,062
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**610**	(995)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**7,409**	5,067
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(85,610)**	(64,617)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		**(92,463)**	(69,159)
– Non-controlling interests		**(556)**	(525)
		(93,019)	(69,684)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		**(85,054)**	(64,092)
– Non-controlling interests		**(556)**	(525)
		(85,610)	(64,617)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Investment properties	15	11,264	11,105
Property and equipment	16	15,280	16,912
Right-of-use assets	17	12,160	29,357
Intangible assets	18	100,169	122,361
Goodwill	19	36,724	36,724
Investment in an associate	20	6,369	4,299
Equity investments at fair value through profit or loss	21	23,438	30,100
Contract assets	24	676	1,012
Long-term deposits and prepayments	25	7,849	2,211
Deferred tax assets	31	505	694
		214,434	254,775
CURRENT ASSETS			
Inventories	22	1,831	2,169
Trade receivables	23	159,087	218,549
Contract assets	24	108,479	118,851
Equity investments at fair value through profit or loss	21	28,157	-
Prepayments, deposits and other receivables	25	12,435	10,471
Amounts due from related parties	26	6,842	12,316
Pledged deposits	27	3,317	96
Bank balances and cash	27	348,240	330,458
		668,388	692,910
CURRENT LIABILITIES			
Trade payables	28	60,856	71,741
Contract liabilities	29	15,656	14,412
Other payables and accruals	30	12,835	10,477
Dividend payable	37(b)	7	28
Interest-bearing bank borrowings	32	20,000	8,005
Lease liabilities	17	3,505	5,590
Contingent consideration	33	21,000	-
Tax payable		2	-
		133,861	110,253
NET CURRENT ASSETS		534,527	582,657
TOTAL ASSETS LESS CURRENT LIABILITIES		748,961	837,432

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	17	9,033	23,783
Contingent consideration	33	–	21,000
Deferred tax liabilities	31	490	3,745
		9,523	48,528
NET ASSETS		739,438	788,904
CAPITAL AND RESERVES			
Share capital	34	7	5
Reserves	35, 36	739,261	786,966
Equity attributable to owners of the Company		739,268	786,971
Non-controlling interests		170	1,933
TOTAL EQUITY		739,438	788,904

The consolidated financial statements on pages 104 to 192 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

Zhai Shuchun
Director

Qin Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company												
	Share capital *RMB'000* *(Note 34)*	Share premium *RMB'000* *(Note 35)*	Merger reserve *RMB'000* *(Note 36(a))*	Special reserve *RMB'000* *(Note 36(b))*	Statutory surplus reserve *RMB'000* *(Note 36(c))*	Exchange fluctuation reserve *RMB'000* *(Note 36(d))*	Property revaluation reserve *RMB'000* *(Note 36(e))*	Treasury share *RMB'000* *(Note 36(f))*	Transaction with non-controlling interest reserve *RMB'000* *(Note 36(g))*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023	5	710,081*	27,468*	(4,847)*	13,551*	21,492*	–*	–*	–*	112,403*	880,153	2,458	882,611
Loss for the year	–	–	–	–	–	–	–	–	–	(69,159)	(69,159)	(525)	(69,684)
Other comprehensive income (loss)													
Revaluation surplus on transfer of owned properties to investment properties	–	–	–	–	–	–	420	–	–	–	420	–	420
Exchange differences on translation from functional currency to presentation currency of the Company	–	–	–	–	–	5,642	–	–	–	–	5,642	–	5,642
Exchange differences arising from translation of foreign operations	–	–	–	–	–	(995)	–	–	–	–	(995)	–	(995)
Total comprehensive income (loss) for the year	–	–	–	–	–	4,647	420	–	–	(69,159)	(64,092)	(525)	(64,617)
Transactions with owners:													
Contributions and distributions													
Dividends to owners	–	–	–	–	–	–	–	–	–	(29,090)	(29,090)	–	(29,090)
Transfer from retained profits	–	–	–	–	492	–	–	–	–	(492)	–	–	–
Total transactions with owners	–	–	–	–	492	–	–	–	–	(29,582)	(29,090)	–	(29,090)
At 31 December 2023	5	710,081*	27,468*	(4,847)*	14,043*	26,139*	420*	–*	–*	13,662*	786,971	1,933	788,904
At 1 January 2024	5	710,081*	27,468*	(4,847)*	14,043*	26,139*	420*	–*	–*	13,662*	786,971	1,933	788,904
Loss for the year	–	–	–	–	–	–	–	–	–	(92,463)	(92,463)	(556)	(93,019)
Other comprehensive income (loss)													
Revaluation surplus on transfer of owned properties to investment properties	–	–	–	–	–	–	9	–	–	–	9	–	9
Exchange differences on translation from functional currency to presentation currency of the Company	–	–	–	–	–	6,790	–	–	–	–	6,790	–	6,790
Exchange differences arising from translation of foreign operations	–	–	–	–	–	610	–	–	–	–	610	–	610
Total comprehensive income (loss) for the year	–	–	–	–	–	7,400	9	–	–	(92,463)	(85,054)	(556)	(85,610)
Transactions with owners:													
Contributions and distributions													
Transfer from retained profits	–	–	–	–	2,391	–	–	–	–	(2,391)	–	–	–
Issue of share capital (Note 34)	2	39,659	–	–	–	–	–	–	–	–	39,661	–	39,661
Repurchase of issued shares (Note 36(f))	–	–	–	–	–	–	–	(2,317)	–	–	(2,317)	–	(2,317)
	2	39,659	–	–	2,391	–	–	(2,317)	–	(2,391)	37,344	–	37,344
Changes in ownership interests													
Capital contribution from non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	300	300
Change in ownership interest in a subsidiary without change in control (Note 42)	–	–	–	–	–	–	–	–	7	–	7	(1,507)	(1,500)
Total transactions with owners	2	39,659	–	–	2,391	–	–	(2,317)	7	(2,391)	37,351	(1,207)	36,144
At 31 December 2024	7	749,740*	27,468*	(4,847)*	16,434*	33,539*	429*	(2,317) *	7*	(81,192)*	739,268	170	739,438

* These reserve accounts comprise the reserves of RMB739,261,000 *(2023: RMB786,966,000)* in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	37(a)	24,027	12,231
Income taxes paid		(15)	(1,159)
NET CASH FROM OPERATING ACTIVITIES		24,012	11,072
INVESTING ACTIVITIES			
Interest received		9,077	8,944
Proceeds from disposal of property and equipment		106	–
Purchase of property and equipment		(835)	(24,948)
Purchase of equity investment at fair value through profit or loss		(31,783)	–
Purchase of intangible assets		(29,459)	(35,563)
NET CASH USED IN INVESTING ACTIVITIES		(52,894)	(51,567)
FINANCING ACTIVITIES			
Dividend paid	37(b)	(21)	(29,062)
Interest paid		(722)	(72)
New bank borrowings raised	37(b)	20,000	8,005
Repayment of amounts borrowed	37(b)	(8,005)	(19,000)
Interest element of rental payments	37(b)	(1,247)	(1,251)
Repayments of principal portion of lease liabilities	37(b)	(6,633)	(6,435)
Issue of share capital	34	39,661	–
Payment for acquisition of non-controlling interests	42	(1,500)	–
Capital contribution from non-controlling shareholders of subsidiary		300	–
Shares repurchased	36(f)	(2,317)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		39,516	(47,815)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10,634	(88,310)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		330,458	414,250
Effect on exchange rate changes on cash and cash equivalents		7,148	4,518
CASH AND CASH EQUIVALENTS AT END OF YEAR		348,240	330,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Newlink Technology Inc. (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 8 November 2019 with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 January 2021. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of the Company's principal place of business in Hong Kong was changed from room 2910, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong to Unit 06 on 20th Floor of Harbour Centre, No.25 Harbour Road, Wan Chai, Hong Kong with effect from 31 March 2025, and the headquarters and principal place of business in the People's Republic of China (hereafter, the "PRC") is 5/F., Tower A, Xueqing Jiachuang Building, Xueqing Road, Haidian District, Beijing, the PRC.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of software development and maintenance in the PRC. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Nebula SC Holdings Limited, a company incorporated in British Virgin Islands, while the ultimate beneficial owner of the Company is Mr. Zhai Shuchun, an executive director of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the revised HKFRSs that are relevant to the Group and effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of revised HKFRSs

The Group has applied, for the first time, the following revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION (CONTINUED)

Adoption of revised HKFRSs (Continued)

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and certain financial instruments that are measured at fair value, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in "transactions with non-controlling interest reserve" and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

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

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree (if applicable) and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units ("CGUs"). An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Buildings	Over the shorter of the term of lease, or 20 years
Electronic equipment and furniture	5 years
Leasehold improvements	Over the unexpired term of lease

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

When an existing property becomes an investment property, any difference at the date of change in use between the carrying amount and the fair value of the property is accounted for in the same way as a revaluation in accordance with HKAS 16.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software licenses

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the Group's ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed in the year in which it is incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 3 years, commencing from the date when the products are put into commercial production.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Recognition and derecognition (Continued)

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include bank balances and cash, pledged deposits, trade receivables, long-term deposits, deposits and other receivables and amounts due from related parties.

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Recognition and derecognition (Continued)

2) Financial assets at FVPL (Continued)

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets designated at FVPL include listed equity investments and unlisted equity investments which the Group had not irrevocably elected to classify at equity investment measured at FVOCI.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, other payables and accruals, dividend payable and interest-bearing bank borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities (Continued)

Classification and measurement (Continued)

Financial liabilities at FVPL include financial liabilities held for trading, financial liabilities designated upon initial recognition as at FVPL and financial liabilities that are contingent consideration of an acquirer in a business combination to which HKFRS 3 applies. They are carried at fair value, with any resultant gain and loss (including interest expenses) recognised in profit or loss, except for the portion of fair value changes of financial liabilities designated at FVPL that are attributable to the credit risk of the liabilities which is presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss. The amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses. Interest expenses are presented separately from fair value gain or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at FVPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

General approach

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECL except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECL.
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL.
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has used a loss rate approach and develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and then adjust these loss trends for current conditions and expectations about the future.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECL with policies as described above.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Revenue recognition

Rental income

Rental income from commercial properties is recognised when the properties are let out and on the straight-line basis over the lease terms while rental income from car parks are recognised on an accrual basis.

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Company is as follows:

- Software development services: Provision of IT solution service including design, procurement and installation

- Technical and maintenance services: Provision of maintenance service business

- Sale of standard software: Trading of software business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Information about the Group's performance obligations is summarised below:

Software development services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 180 days upon issuance of invoice and receipt of acceptance from customers on milestones as agreed by both parties. A certain percentage of payment is retained by customers until the end of the retention period.

Technical and maintenance services

The performance obligation is satisfied over time as services are rendered and the credit period granted to the customers is normally due upon completion of the service, which is normally for periods of one year or less, or are billed based on the actual time/work incurred, which are due within 30 to 180 days from the date of billing.

Sale of standard software

The performance obligation is satisfied upon acceptance of software and payment is generally due within 30 to 180 days from acceptance by customers, except for new customers, where payment in advance is normally required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Software development services

Revenue from software development services is recognised over time, using an appropriate method to measure progress towards complete satisfaction of the services. For the contracts with a fixed price, the Group uses the input method, which the Group recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. For the contracts with a fixed amount billed for each hour of service provided which is recognised under output method, the Group uses the practical expedient to recognise revenue in the amount to which the Group has a right to invoice.

Contracts for bundled sales of software development service and technical and maintenance services (i.e., training, upgrade, service-type warranties) are comprised of separate performance obligations because the promises to transfer the software and provide those services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of each performance obligation.

Technical and maintenance services

Revenue from the technical and maintenance services is recognised over the scheduled period on a straight-line basis or based on the actual time/work incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

Sale of standard software

Revenue from the sale of standard software is recognised at the point in time when the right to use the software is transferred to the customer, generally upon the acceptance by the customers.

Contracts for bundled sales of standard software, installation, technical and maintenance services (i.e., training, upgrade) are comprised of separate performance obligations because these promises are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of each performance obligation.

Measurement of progress towards complete satisfaction of a performance obligation - Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allocation of transaction price: stand-alone selling prices

For the software development service and technical and maintenance services contracts, the services are normally transferred to the customer in different accounting periods. Therefore, if applicable, the transaction price has to be allocated to the performance obligations based on their relative stand-alone selling prices, which are estimated at contract inception based on observable prices (if available) or the adjusted-market or expected-cost-plus-margin approach.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and certain oversea subsidiaries incorporated outside the PRC is United Stated Dollar ("US$") and the functional currency of the subsidiaries incorporated in the PRC is Renminbi ("RMB"). Since the Group's main operation is carried out in the PRC, the amounts shown in the consolidated financial statements are presented in RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, intangible assets, right-of-use asset, investment in an associate and investment in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives and intangible assets that are not yet available for use for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. CGU).

If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or CGU that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Share capital

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owner.

Leases

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	2 to 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme (defined contribution plans)

The Group's employer contributions vest fully with the employees when contributed into the Mandatory Provident Fund ("MPF") Scheme in Hong Kong, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the PRC are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund – The PRC

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to item recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

For the purposes of measuring deferred tax assets and liabilities arising from investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax assets and liabilities arising from such investment properties are measured based on the expected manner as to how the property will be recovered.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to HKFRSs	Volume 11 [2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The effective date to be determined

The directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's financial position and performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Provision for ECLs on trade receivables and contract assets

The Group uses a loss rate approach to calculate ECLs for trade receivables and contract assets. The loss rates are based on groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and then adjust these loss trends for current conditions and expectations about the future. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the determined loss-rate is adjusted. At each reporting date, the loss-rate statistics are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the loss-rate statistics, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's expected default data and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 39 to the consolidated financial statements.

Revenue recognition on software development contracts

For the contracts with a fixed price, the Group recognises revenue from software development services based on the actual direct costs incurred relative to the total expected costs to be incurred to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue require estimations from management based on understanding of the performance of the contract, quotations from suppliers and subcontractors, and the Group's historical experience. Due to the nature of the activity undertaken in the contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a provision for onerous contract may arise.

In addition, when the Group determines the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for financing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

Capitlaisation of development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs under intangible assets. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are detailed in note 19 to the consolidated financial statements.

Useful lives and impairment of property and equipment, intangible assets and right-of-use assets

The directors review the residual value, useful lives and depreciation or amortisation method of property and equipment, intangible assets and right-of-use assets at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

The Group assesses whether there are any indicators of impairment of property and equipment, intangible assets and right-of-use assets at the end of each reporting period. The property and equipment, intangible assets and right-of-use assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of equity investments

As described in note 21 and note 41 to the consolidated financial statements, the valuation techniques applied by various external parties for the level 3 assets have been agreed with the management of the Company. The management determined whether valuation techniques and assumptions applied are appropriate to the circumstances of the Group. The estimation of fair value of level 3 assets included some assumptions not supported by observable market prices or rates. Change in assumption could affect the reported fair value of the assets in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

Discount rates for calculating lease liabilities – as lessee

Where the Group cannot readily determine the interest rate implicit in a lease, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. OPERATING SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating and reporting segment focusing primarily on the provision of IT solution services in the PRC. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company. The CODM mainly reviews revenue derived from the provision of software development services, technical and maintenance services and sale of standard software, which are measured in accordance with the Group's accounting policies. The financial information reported to the CODM is reflected through the overall operating performance of the Group for resource allocation and performance evaluation. Accordingly, no segment information is presented.

Geographical information

During the year, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer 1	**55,589**	*
Customer 2	**33,266**	*
Customer 3	**30,671**	26,630

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers within HKFRS 15		
Software development services	243,195	179,490
Technical and maintenance services	26,982	37,644
Sale of standard software	8,645	28,361
	278,822	245,495
Timing of revenue recognition		
Goods transferred at a point in time	8,645	28,361
Services transferred over time	270,177	217,134
	278,822	245,495

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 *RMB'000*	2023 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Software development services	5,861	3,855
Technical and maintenance services	2,844	2,097
	8,705	5,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Bank interest income	9,077	8,944
Rental income	795	332
Value Added Tax ("VAT") refunds and other tax subsidies *(Note)*	1,558	1,234
Others	624	59
	12,054	10,569

Note: Refunds of VAT on software products represent the refund upon payment of VAT with respect to the portion of any effective VAT rate in excess of 3% in respect of software product sales of the Group pursuant to the principles of the State Council document entitled "Certain Policies to Encourage the Development of Software Enterprise and the IC Industry" and the approval of the state taxation authorities.

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on interest-bearing bank borrowings	722	72
Interest on lease liabilities	1,247	1,251
	1,969	1,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. LOSS BEFORE TAX

This is arrived at after charging (crediting):

	Note	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**7,246**	27,954
Cost of sales and services rendered		**232,707**	180,450
		239,953	208,404
Research and development expenses:			
Amortisation of deferred development costs *(Note (i))*		**37,211**	29,475
Current year expenditure		**34,313**	12,840
		71,524	42,315
Employee benefit expense (including directors' and chief executives' remuneration):	*11*		
Wages and salaries		**126,670**	141,521
Pension scheme contributions (defined contribution scheme)		**23,232**	24,662
Termination benefits		**2,649**	1,921
		152,551	168,104
Auditors' remuneration:			
Audit fee		**1,492**	1,180
Non-audit fee		**450**	350
Gross rental income from investment properties		**(795)**	(332)
Less: direct operating expenses for investment properties that generated rental income during the year		**132**	19
direct operating expenses for investment properties that did not generate rental income during the year		**–**	49
Net rental income		**(663)**	(264)
Depreciation of property and equipment	*16*	**2,198**	3,099
Depreciation of right-of-use assets	*17*	**6,868**	7,347
Amortisation of intangible assets *(Note (i))*	*18*	**51,651**	43,247
Allowance for ECL on trade receivables	*39*	**1,561**	26,673
Allowance for ECL (Reversal of allowance for ECL) on contract assets	*39*	**34**	(967)
(Reversal of) Impairment losses on investment in an associate		**(1,838)**	2,310
Foreign exchange differences, net		**252**	906

Note:

(i) The total amortisation of intangible assets of RMB51,651,000 *(2023: RMB43,247,000)* for the year is included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses amounting to RMB1,003,000, RMB888,000, RMB2,026,000 and RMB47,734,000 *(2023: RMB4,701,000, RMB257,000, RMB332,000 and RMB37,957,000)* respectively. The amortisation of deferred development costs classified under research and development expenses in included in the amortisation of intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX CREDIT

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current income tax		
Hong Kong	–	(599)
PRC Enterprise Income Tax ("EIT")	17	(4,439)
	17	(5,038)
Deferred tax *(Note 31)*	(3,066)	3,751
	(3,049)	(1,287)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(i) Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

(ii) Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% *(2023: 16.5%)* on the Group's estimated assessable profits arising from Hong Kong during the period. The Group had no assessable profits for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX CREDIT (CONTINUED)

(iii) The PRC

Pursuant to the PRC on EIT Law and the respective regulations, the subsidiaries in the PRC are subject to income tax at a statutory rate of 25% during the year, except for certain subsidiaries which obtained the "High and New Technology Enterprise" qualification with preferential tax rate of 15% *(2023: 15%)*.

The income tax credit for the year can be reconciled to the loss before tax at the statutory rate of the PRC (i.e., 25%) where the main operating entity is domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(96,068)**	(70,971)
Tax at the statutory tax rate	**(24,017)**	(17,742)
Effect of different tax rates for subsidiaries operating in other jurisdictions	**2,017**	5,252
Tax effect of expenses not deductible for tax purposes	**1,613**	4,468
Tax effect of income not taxation for tax purpose	**(3,689)**	(2,779)
Unrecognised temporary differences/tax losses	**42,394**	11,833
Super deduction for research and development expenses#	**(11,933)**	(2,319)
Effect of preferential tax rate on subsidiaries	**(9,434)**	–
Income tax credit for the year	**(3,049)**	(1,287)

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses from 1 January 2008 to 31 December 2017, 175% of the research and development expenses from 1 January 2018 to 31 December 2022 and 200% of the research and development expenses from 1 January 2023 to 31 December 2024 as tax deductible expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' and chief executive's remuneration

The remuneration of each director and chief executive for the years ended 31 December 2024 and 2023, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

For the year ended 31 December 2024

Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zhai Shuchun (Chief Executive Officer)	–	1,458	–	128	1,586
Ms. Qin Yi	–	669	–	101	770
Mr. Li Xiaodong	–	121	–	26	147
	–	2,248	–	255	2,503
Independent non-executive directors:					
Mr. Tang Baoqi	110	–	–	–	110
Ms. Yang Juan	110	–	–	–	110
Mr. You Linfeng	110	–	–	–	110
	330	–	–	–	330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's remuneration (Continued)

For the year ended 31 December 2023

Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zhai Shuchun (Chief Executive Officer)	–	1,326	–	121	1,447
Ms. Qin Yi	–	626	–	78	704
Mr. Li Xiaodong	–	124	–	21	145
	–	2,076	–	220	2,296
Independent non-executive directors:					
Mr. Tang Baoqi	108	–	–	–	108
Mr. Ye Jinfu (resigned on 4 December 2023)	100	–	–	–	100
Mr. You Linfeng (appointed on 4 December 2023)	8	–	–	–	8
Ms. Yang Juan	108	–	–	–	108
	324	–	–	–	324

The discretionary bonuses for both years were determined with reference to the performance against corporate objectives, the profit of the Group and the achievement of individual performance targets.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (CONTINUED)

(b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company or their connected entities that were entered into or subsisted during the year *(2023: Nil)*.

(c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company or connected entities of the director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year *(2023: Nil)*.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors *(2023: one director)*, details of whose emoluments are set out in note 11 above. Details of the remuneration for the year of the remaining three *(2023: four)* highest paid employees who are neither a director nor chief executive of the Group are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries, allowances and benefits in kind	**1,694**	2,295
Pension scheme contributions	**274**	384
Bonus	**744**	744
	2,712	3,423

The number of the highest paid employees who are not the director of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$1,000,000 (equivalent to approximately RMB913,000) (2023: equivalent to approximately RMB900,000)	**2**	3
HK$1,000,001 to HK$1,500,000 (equivalent to approximately RMB913,001 to RMB1,369,000) (2023: equivalent to approximately RMB900,001 to RMB1,350,000)	**1**	1

During the years ended 31 December 2024 and 2023, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. DIVIDENDS

No dividends in respect of the years ended 31 December 2024 and 2023 have been paid or declared by the Group during the years ended 31 December 2024 and 2023.

During the year ended 31 December 2023, the final dividend in respect of the year ended 31 December 2022 of HK$0.04 (equivalent to RMB0.037) per ordinary share, in an aggregate amount of HK$31,461,000 (equivalent to RMB29,090,000) was passed by the shareholders by way of poll in annual general meeting on 9 June 2023 and the final dividend amounting to HK$31,368,000 (equivalent to RMB29,062,000) in aggregated was paid to the shareholders.

14. LOSS PER SHARE

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

Loss

	2024 ***RMB'000***	2023 *RMB'000*
Loss for the year attributable to owners of the Company for the purpose of calculation of basic and diluted loss per share	**(92,463)**	(69,159)

Number of shares

	2024	2023
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share	**885,706,579**	786,514,400

No diluted loss per share has been presented for both years as there were no potential dilutive ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
At fair value		
At beginning of the year	11,105	–
Transferred from property and equipment	159	11,126
Decrease in fair value recognised in profit or loss	–	(21)
At the end of the reporting period	11,264	11,105

(a) The Group's investment properties, which consist of commercial properties and car parks together with their respective land use rights, are situated at No. 88 Jitai 5th Road, Wuhou District, Chengdu, the PRC.

The Group leases out certain of its investment properties in Shanghai under operating leases with average lease terms of 2 years *(2023: 2 years)* and with options to renew upon expiry at new terms.

Accounting policy of the rental income from operating leases are set out in note 3 to the consolidated financial statements.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise the reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	2024 RMB'000	2023 RMB'000
Year 1	411	714
Year 2	–	408
Undiscounted lease payments to be received	411	1,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INVESTMENT PROPERTIES (CONTINUED)

(b) Fair value measurement and valuation process

The Group's property interests held under operating leases to earn rentals purposes are measured using the fair value model and are classified and accounted for as investment properties.

In determining the fair value of the relevant properties and car parks, the directors have reviewed their fair valuers with reference to recent market price of similar properties and car parks. No valuation has been performed by independent professional qualified valuers and no change in fair value of investment properties was recognised during the year ended 31 December 2024.

The fair values of the Group's investment properties as at 31 December 2023 amounting to RMB11,105,000 had been arrived at on the basis of valuations carried out on that date by Asia-Pacific Consulting and Appraisal Limited, independent qualified professional valuers, not connected to the Group.

The revaluation gave rise to a loss arising from changes in fair value of RMB21,000 which had been included in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INVESTMENT PROPERTIES (CONTINUED)

(b) Fair value measurement and valuation process (Continued)

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties	Fair value as at 31 December 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship unobservable inputs to fair value
Office properties located in Chengdu, the PRC	**9,664**	9,664	Level 3	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from RMB12,606 to RMB14,810 per square metre ("sqm") *(2023: RMB12,941 to RMB14,563 per sqm).*	An increase in the market unit rate used would result in an increase in fair value, and vice versa.
Car parks located in Chengdu, the PRC	**1,600**	1,441	Level 3	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from RMB130,000 to RMB210,000 each *(2023: RMB137,255 to RMB174,471).*	An increase in the market unit rate used would result in an increase in fair value, and vice versa.

There were no transfers into or out of level 3 fair value hierarchy during the year ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment and furniture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – year ended 31 December 2023				
At beginning of the year	–	4,786	984	5,770
Additions	23,347	904	697	24,948
Disposals	–	(1)	–	(1)
Transferred to investment properties	(10,706)	–	–	(10,706)
Depreciation	(808)	(1,331)	(960)	(3,099)
At the end of the reporting period	11,833	4,358	721	16,912
Reconciliation of carrying amount – year ended 31 December 2024				
At beginning of the year	**11,833**	**4,358**	**721**	**16,912**
Additions	**–**	**458**	**377**	**835**
Disposals	**–**	**(122)**	**–**	**(122)**
Transferred to investment properties	**(150)**	**–**	**–**	**(150)**
Depreciation	**(615)**	**(1,179)**	**(404)**	**(2,198)**
Exchange difference	**–**	**2**	**1**	**3**
At the end of the reporting period	**11,068**	**3,517**	**695**	**15,280**
At 31 December 2023				
Cost	12,379	8,406	6,221	27,006
Accumulated depreciation	(546)	(4,048)	(5,500)	(10,094)
Net carrying amount	11,833	4,358	721	16,912
At 31 December 2024				
Cost	**12,220**	**8,701**	**6,599**	**27,520**
Accumulated depreciation	**(1,152)**	**(5,184)**	**(5,904)**	**(12,240)**
Net carrying amount	**11,068**	**3,517**	**695**	**15,280**

During the year, a Group's owned property with net carrying amount of RMB150,000 *(2023: RMB10,706,000)* were transferred to investment property upon commencement of an operation lease to independent third parties. Fair value of the owner-occupied properties at the date of transfer amounted to RMB159,000 *(2023: RMB11,126,000)*, and a surplus on revaluation of RMB9,000 *(2023: RMB420,000)* was credited to property revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Office premises RMB'000
Reconciliation of carrying amount – year ended 31 December 2023	
At beginning of the year	16,907
Additions	19,797
Depreciation	(7,347)
At the end of the reporting period	29,357
Reconciliation of carrying amount – year ended 31 December 2024	
At beginning of the year	29,357
Depreciation	(6,868)
Early termination of the leases	(10,343)
Exchange difference	14
At the end of the reporting period	**12,160**
At 31 December 2023	
Cost	35,100
Accumulated depreciation	(5,743)
Net carrying amount	29,357
At 31 December 2024	
Cost	18,162
Accumulated depreciation	(6,002)
Net carrying amount	**12,160**

The Company leases various office premises for its daily operations. Lease terms range from 2 to 5 years *(2023: 2 to 5 years)*. During the year, the Group early terminated several leases contracts and derecognised the cost of approximately RMB16,971,000 *(2023:Nil)* and accumulated depreciation of approximately RMB 6,628,000 *(2023:Nil)*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Restrictions or covenants

The lease imposes a restriction that, unless the approval is obtained from the lessor, the right-of-use asset can only be used by the Company and the Company is prohibited from selling or pledging the underlying assets. The Company is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

Lease liabilities

The carrying amount of lease liabilities during the reporting period are as follows:

	2024	2023
	RMB'000	*RMB'000*
Classified as:		
Current liabilities	**3,505**	5,590
Non-current liabilities	**9,033**	23,783
	12,538	29,373

The Group has recognised the following amounts for the year:

	2024	2023
	RMB'000	*RMB'000*
Lease payments:		
Short-term leases	**652**	2,167
Expenses recognised in profit or loss	**652**	2,167
Total cash outflow for leases	**8,532**	9,853

Commitments under leases

At 31 December 2024, the Group was committed to RMB483,000 *(2023: RMB652,000)* for short-term leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTANGIBLE ASSETS

	Software licenses RMB'000	Deferred development costs RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2023			
At beginning of the year	47,557	82,488	130,045
Additions – acquired	4,542	–	4,542
Additions – internal development	–	31,021	31,021
Amortisation	(13,772)	(29,475)	(43,247)
At the end of reporting period	38,327	84,034	122,361
Reconciliation of carrying amount – year ended 31 December 2024			
At beginning of the year	**38,327**	**84,034**	**122,361**
Additions – acquired	**10,548**	**–**	**10,548**
Additions – internal development	**–**	**18,911**	**18,911**
Amortisation	**(14,440)**	**(37,211)**	**(51,651)**
At the end of reporting period	**34,435**	**65,734**	**100,169**
At 31 December 2023			
Cost	73,494	124,471	197,965
Accumulated amortisation	(35,167)	(40,437)	(75,604)
Net carrying amount	38,327	84,034	122,361
At 31 December 2024			
Cost	**85,602**	**143,595**	**229,197**
Accumulated amortisation	**(51,167)**	**(77,861)**	**(129,028)**
Net carrying amount	**34,435**	**65,734**	**100,169**

Software licenses represent rights to extract software for the production of IT software solution in the PRC, which are amortised on a straight-line basis over 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTANGIBLE ASSETS (CONTINUED)

Deferred development costs represent costs incurred at the development phase of internal projects on software development, which mainly consists of hardware and software tools, staff cost and depreciation of property and equipment etc., which are capitalised and, if available for use, amortised under the straight-line method over 3 years. This asset is tested for impairment where an indicator of impairment appears and, if not yet available for use, tested annually.

The Group had the intangible assets which are mainly contributed by 北京新紐科技有限公司 ("Beijing Newlink CGU") and 北京東軟越通軟件技術有限公司 ("Neusoft Yuetong CGU") with carrying amounts RMB79,678,000 *(2023: RMB107,897,000)* and RMB19,771,000 *(2023: RMB14,464,000)*.

At the end of the reporting period, the management performs impairment assessments of the intangible assets attributable to Beijing Newlink CGU and Neusoft Yuetong CGU when the financial performance had unfavourable conditions which indicate that the carrying amounts of these assets may not be recoverable and its recoverable amount was determined by the management based on value-in-use ("VIU") calculation using discounted cash flow projections.

Beijing Newlink CGU

For the purposes of impairment testing, property and equipment of RMB14,959,000, right-of-use assets of RMB11,925,000 and intangible assets of RMB79,678,000, which included those with indefinite useful lives of RMB5,560,000 *(2023: RMB16,486,000)*, are allocated to the Beijing Newlink CGU.

The VIU calculations use cash flow projections based on financial forecasts approved by management covering a four-year period. Management considers the length of the forecast period is appropriate because it generally reflect the potential economic benefit life of the deferred development costs. The key assumptions, revenue growth rate of forecast period and pre-tax discount rate used for VIU calculations are as follows:

Gross profit margin	33% to 43%
Average growth rate	-40% to 25%
Pre-tax discount rate	15%

Management engaged an independent external valuer to assess the recoverable amount of both Beijing Newlink CGU and Neusoft Yuetong CGU and leveraged management's extensive experiences in the AI industry and provided forecast based on past performance and their expectation of future business plans and market developments. The pre-tax discount rate is determined based on current market assessments of the time value of money and specific risks relating to Beijing Newlink CGU. As a result, no impairment loss is required to be recognised for the year ended 31 December 2024. The possible change in the key assumptions on which the management has based its determination of the recoverable amount of Beijing Newlink CGU would not cause an impairment loss.

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For the year ended 31 December 2024

18. INTANGIBLE ASSETS (CONTINUED)

Beijing Newlink CGU (Continued)

Apart from the considerations described above in determining the recoverable amount of the CGUs, the Group's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

For the purposes of impairment testing in 2023, the Beijing Newlink CGU comprised of property and equipment of RMB16,638,000, right-of-use assets of RMB28,670,000 and intangible assets of RMB107,897,000, which included those with indefinite useful lives of RMB16,486,000.

The recoverable amount of property and equipment was determined based on its fair value less cost of disposal which was estimated by using the comparison approach and market approach which assumed that, in lieu of ownership, a third party would be willing to pay the consideration in order to obtain the rights to use the relevant asset. Key assumptions used in the valuation which mainly included market unit rate of RMB13,600 per sqm related to the building. The recoverable amount of right-of-use assets was determined based on its fair value less cost of disposal which was estimated by using the present value of the remaining lease payments as at 31 December 2023 which assumed that, in lieu of ownership, a third party would be willing to pay the consideration in order to obtain the rights to use the relevant asset. Key assumptions used in the valuation included rent fee and payment schedule, remaining contract term from 1.37 years to 4.53 years and an incremental borrowing rate from 3.98% to 4.22%. The recoverable amount of intangible assets was determined based on its fair value less cost of disposal which was estimated by using the Relief-from-Royalty method which assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the relevant asset. Key assumptions used in the valuation included projected future sales over a period of 5 years with a terminal value, royalty rate of 10% and a discount rate of 14%. After the assessment, the management considered that no impairment loss on the non-financial assets attributable to Beijing Newlink CGU was recognised during year ended 31 December 2023.

Neusoft Yuetong CGU

The details of the impairment test of Neusoft Yuetong CGU are set out in Note 19 to the consolidated financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. GOODWILL

	2024 *RMB'000*	2023 *RMB'000*
COST AND NET CARRYING AMOUNT		
At 31 December 2023 and at 31 December 2024	**36,724**	36,724

Goodwill arising from the CGU represented the acquisition of 100% equity interests in Beijing Neusoft Yuetong Software Technology Co., Ltd. ("Neusoft Yuetong CGU") in July 2022. The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed of approximately of RMB 36,724,000 is recognised as goodwill.

For the impairment assessment purpose, the goodwill, together with property and equipment and intangible assets amounting to RMB36,724,000, RMB166,000 and RMB19,771,000 *(2023: RMB36,724,000, RMB227,000 and RMB14,464,000)* are allocated to Neusoft Yuetong CGU.

The recoverable amount of Neusoft Yuetong CGU has been determined by VIU calculation. Cash flow projections are based on approved financial budgets covering a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates. Key assumptions and inputs used for the value-in-use calculation are as follows:

	2024	2023
Revenue growth rate of forecast period	**5%-19%**	5%-20%
Pre-tax discount rate	**16%**	16%

Management determined the budgeted revenue based on past performance and its expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Neusoft Yuetong CGU. Apart from the considerations described above in determining the recoverable amount of the Neusoft Yuetong CGU, the Group's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

Goodwill arose because the consideration paid for the acquisitions effectively included amount in relation to the benefits originated from revenue growth, future market development and the assembled workforce of the acquired businesses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

According to the VIU calculations, the recoverable amount is higher than the carrying amount of the Neusoft Yuetong CGU (including the goodwill property and equipment and intangible assets) and no impairment on the goodwill and other non-financial assets was recognised during the year. The possible change in the key assumptions on which the management has based its determination of the recoverable amount of Neusoft Yuetong CGU would not cause an impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INVESTMENT IN AN ASSOCIATE

	2024 *RMB'000*	2023 *RMB'000*
Unlisted share, at cost	5,397	5,397
Share of post-acquisition results of associate, net of dividends received	1,444	1,212
Impairment losses	(472)	(2,310)
Share of net assets	6,369	4,299

Details of the associate at the end of the report the period is as follow:

Name	Place of incorporation/ registration and business	Registered capital	Percentage of paid-up capital 2024	Percentage of paid-up capital 2023	Principal activity
北京和順慧康科技有限公司 Beijing Heshun Huikang Technology Co., Ltd. ("Beijing Heshun")#	The PRC	RMB22,000,000	50%	50%	Software development and maintenance

English translation for identification purpose only

The above associate is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Relationship with the associate

With reference to the Article of Association of Beijing Heshun, the Group can only appoint 2 out of 5 directors, the Group has determined that it has no control nor joint control over Beijing Heshun on the strategic financial and operating decisions relating to the economic activities of Beijing Heshun. Therefore, the investment in Beijing Heshun is classified as the associate.

Based on a contractual agreement between the Group and another two investors of Beijing Heshun, only the shareholder of Beijing Heshun who has made the capital injection to Beijing Heshun is entitled to exercise its voting right in the shareholder's meeting and entitle to the dividends. The Group and another investor paid up its capital in an equal amount. As a result, the Group share the results of Beijing Heshun at 50% during the year ended 31 December 2024 and 2023.

Assessment of the impairment losses of investment in an associate

At 31 December 2024, a reversal of impairment of RMB1,838,000 *(2023: an impairment loss of RMB2,310,000)* was recognised for the investment in an associate because the subsidiary had profit for the year and have sufficient assets for the Group to fully recover its investment therein.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Financial information of individually material associate

The following table shows the information relating to Beijing Heshun, the material associate of the Group. The summarised financial information represents amounts shown in the financial statements of Beijing Heshun prepared using the same accounting policies as those adopted by the Group.

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Gross amount		
Current assets	17,201	11,547
Non-current assets	3,651	4,230
Current liabilities	(8,114)	(3,495)
Non-current liabilities	–	–
Equity	12,738	12,282
Reconciliation		
Gross amount of equity	12,738	12,282
Group's ownership interests and voting rights	50%	50%
Group's share of equity and carrying amount of interests	6,369	4,299

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Gross amount		
Revenue	24,354	23,356
Profit for the year and total comprehensive income for the year	463	507
Dividends received from an associate	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2024 *RMB'000*	2023 *RMB'000*
Unlisted equity investments, at fair value			
Beijing Fuhuajiaxin Business Incubator Company Limited ("Fuhuajiaxin")	(i)	17,600	21,600
Advanced Biomed Inc. ("Biomed")	(ii)	5,838	8,500
		23,438	30,100
Listed equity investments, at fair value			
Listed in Hong Kong		27,383	–
Listed outside Hong Kong		774	–
		28,157	–
	(iii)	51,595	30,100

Notes:

(i) The Group has unlisted equity investment in Fuhuajiaxin which is engaged in providing services for the incubation of technological innovation enterprises in China. At 31 December 2024 and 2023, the fair value of the unlisted equity investment of Fuhuajiaxin was derived based on market approach. The valuation was carried out by Asia-Pacific Consulting and Appraisal Limited, an independent firm of qualified professional valuer not connected with the Group.

At 31 December 2024 and 2023, the related party, Beijing Fuhuajiaxin Investment Management Company Limited, an entity controlled by Mr. Zhai Guanhua (the chief executive officer and a close member of Mr. Zhai Shuchun), has shareholdings in Fuhuajiaxin.

(ii) The Group has unlisted equity investment in Biomed which is engaged in the research and development, production, and sale of in vitro diagnostic products in the United States of America. At 31 December 2024 and 2023, the fair value of the unlisted equity investment of Biomed was derived based on market approach. The valuation was carried out by Asia-Pacific Consulting and Appraisal Limited, an independent firm of qualified professional valuer not connected with the Group. On 6 March 2025, the common stock of Biomed approved for listing on the Nasdaq Capital Market at a public offering price of US$4 per share.

(iii) The valuation technique and significant inputs used in the measurement of the fair values of these investments are set out in note 41 to the consolidated financial statements.

22. INVENTORIES

	2024 *RMB'000*	2023 *RMB'000*
Finished goods	1,831	2,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	203,965	261,866
Less: allowance for ECLs	(44,878)	(43,317)
	159,087	218,549

Trade receivables represented the outstanding invoiced values for software development services, technical and maintenance services and sale of standard software receivable from the customers.

The Group's trading terms with its customers are mainly on credit. For software development services, the credit period granted to the customers is normally 30 to 180 days upon issuance of invoice and receipt of acceptance from customers during the course of contracts. The forms of acceptance evidenced the satisfaction from the customers of the progress of completion. For the sale of standard software, the credit period granted to the customers is normally 30 to 180 days after the goods were accepted by the customers, except for new customers, where payment in advance is normally required. For technical and maintenance services, the credit period granted to the customers is normally due upon completion of the service or 30 to 180 days from the date of billing.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of the largest state-owned financial institutions, hospitals, state-owned companies and large listed companies in the PRC, there is certain concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. TRADE RECEIVABLES (CONTINUED)

The following is an ageing analysis of the trade receivables as at the end of the reporting periods, based on the recognition date of gross trade receivables and net of allowance for ECLs:

	2024 *RMB'000*	2023 *RMB'000*
Within 90 days	28,412	38,518
91 to 180 days	9,475	13,686
181 days to 365 days	38,490	33,610
1 year to 2 years	39,232	76,845
2 years to 3 years	31,737	49,955
Over 3 years	11,741	5,935
	159,087	218,549

Information about the Group's exposure to credit risks and loss allowance for trade receivables is included in note 39 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. CONTRACT ASSETS

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets from contracts with customers within HKFRS 15 during the year are as follows:

	2024 *RMB'000*	2023 *RMB'000*
At 1 January	119,863	117,030
Transferred to trade receivables	(118,851)	(113,178)
Recognition of revenue	108,177	115,044
(Allowance for ECL) Reversal of allowance for ECL on contract assets	(34)	967
At 31 December	109,155	119,863
Classified as:		
Current assets	108,479	118,851
Non-current assets	676	1,012
	109,155	119,863

Contract assets are initially recognised for revenue earned from software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2024 was the result of the increase in issuance of invoice and receipt of acceptance from customers of milestones as agreed by both parties at the end of the year while the increase in contract assets in 2023 was the result of the increase in software development services at the end of the year.

At 31 December 2024, the contract assets that are expected to be recovered after 12 months are RMB676,000 *(2023: RMB1,012,000)*, all of which relates to retentions receivables. Retention receivables represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

Information about the Group's exposure to credit risks and loss allowance for contract assets is included in note 39 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Prepayments	9,622	6,299
Rental deposits	1,580	2,211
Deposits and other receivables	9,082	4,172
	20,284	12,682
Classified as:		
Current assets	12,435	10,471
Non-current assets	7,849	2,211
	20,284	12,682

Information about the Group's exposure to credit risks and loss allowance for deposits and other receivables is included in note 39 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. AMOUNTS DUE FROM RELATED PARTIES

The amounts due are unsecured, interest-free and repayable on demand, except for the amount due from Beijing Guanruitong E-Commerce Technology Company Limited ("Guanruitong") of approximately RMB4,614,000 *(2023: RMB9,227,000)* was unsecured, carrying interest rate of three-year fixed deposits of People's Bank of China and repayable in three instalments.

		Due from		
Name of related companies	Note	**Greatest balance during the year**	**Balance at 31 December 2024**	Balance at 31 December 2023
		RMB'000	***RMB'000***	*RMB'000*
Guanruitong	(1)			
Non-interest-bearing		**2,228**	**2,228**	2,228
Interest-bearing		**9,227**	**4,614**	9,227
Beijing Heshun	(2)	**861**	**–**	861
			6,842	12,316

Note:

(1) Entity controlled by the controlling shareholder

(2) The associate of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. BANK BALANCES AND CASH AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Bank balances and cash and pledged deposits	351,557	330,554
Less: Pledged deposits	(3,317)	(96)
Cash and cash equivalents	348,240	330,458
Denominated in:		
RMB	129,327	120,967
US$	195,221	180,001
Hong Kong dollar ("HKD")	27,009	29,586

The pledged bank deposits are secured for general banking and trade finance facilities, including the issuance of bank acceptance bills, granted to the Group by banks.

28. TRADE PAYABLES

The aging analysis of trade payables at the end of the reporting periods, based on the invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	18,959	31,979
3 to 6 months	286	5,248
6 months to 1 year	16,396	16,854
Over 1 year	25,215	17,660
	60,856	71,741

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29. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**14,412**	9,975
Recognised as revenue	**(8,705)**	(5,952)
Receipt of advances or recognition of receivables	**9,949**	10,389
At 31 December	**15,656**	14,412

At 31 December 2024, none of the contract liabilities are expected to be recognised as revenue after more than 12 months *(2023: Nil)*.

Unsatisfied or partially unsatisfied performance obligations

Some of the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2024 *(2023: some)* are part of contracts that have an original expected duration of one year or less.

The amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2024 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Expected timing of revenue recognition:		
Within 1 year	**100,705**	55,543
More than 1 year but within 2 years	**33,174**	20,273
	133,879	75,816

The amounts disclosed above do not include variable consideration that is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Other payables	1,795	3,247
Accrued staff costs	924	1,215
Other tax payables	10,116	6,015
	12,835	10,477

31. DEFERRED TAXATION

The movement for the year in the Group's net deferred tax position was as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	(3,051)	705
Charge (Credit) to profit or loss	3,066	(3,756)
At end of the reporting period	15	(3,051)

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Fair value adjustment on equity investments	–	–	–	(2,765)
Allowance for ECLs	505	694	–	–
Intangible assets	–	–	(490)	(980)
Net deferred tax assets (liabilities)	505	694	(490)	(3,745)

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For the year ended 31 December 2024

31. DEFERRED TAXATION (CONTINUED)

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors.

For the Group's PRC subsidiaries, the applicable rate is 5% *(2023: 5%)*. Deferred tax liability is provided on the basis that the undistributed earnings of the Group's entities are expected to be distributed in the foreseeable future.

As at 31 December 2024, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Group's earnings will be retained in the PRC for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The total amount of temporary difference associated with the investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB16,116,000 *(2023: RMB 39,133,000)* as at 31 December 2024.

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses can be carried forward for five years, except for certain subsidiaries which are qualified to enjoy the benefit of tax loss carried forward for ten years, from the year in which the losses arose for offsetting against future taxable income. The expiry years of tax losses with no deferred tax assets recognised at the end of the reporting date are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Tax losses expiring in:		
2024	–	236
2025	**788**	788
2026	**913**	913
2027	**5,175**	5,175
2028	**7,195**	7,195
2029	**9,548**	–
2028-2033	–	69,848
2028-2034	**243,256**	–
	266,875	84,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

32. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity in	RMB'000	Effective interest rate (%)	Maturity in	RMB'000
Current						
Bank loans – unsecured	3.85	2025	20,000	3.85	2024	8,005

The maturity of the interest-bearing borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) are as follows:

	2024 RMB'000	2023 RMB'000
The carrying amounts of the above borrowings are repayable:		
Within one year	20,000	8,005

33. CONTINGENT CONSIDERATION

	2024 RMB'000	2023 RMB'000
At beginning of year	21,000	21,810
Change in fair value	–	(810)
At end of the reporting period	21,000	21,000

On 14 July 2022, the Group acquired 100% equity interest in Beijing Neusoft Yuetong Software Technology Co., Ltd.* ("Neusoft Yuetong") which is principally engaged in offering SaaS platform service to financial institutions and IT value-industries.

The contingent consideration represents the balance arising from the acquisition of Neusoft Yuetong which requires the Group to pay the sellers on the remaining consideration upto RMB31,515,151 in cash.

The final amount of consideration depends on whether the actual net profit and revenue from principal business of Neusoft Yuetong and its subsidiary (collectively known as "Neusoft Yuetong Group") for the calendar years 2022, 2023 and 2024 ("Guarantee Year") meet specified targets and is payable following the end of the Guarantee Year of 2024.

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For the year ended 31 December 2024

33. CONTINGENT CONSIDERATION (CONTINUED)

The Guarantee Year that the consolidated net profit and revenue of Neusoft Yuetong Group achieved in each Guarantee Year shall be not less than the net profit and revenue targets set for the corresponding year as set out below:

	2022 *RMB'000*	2023 *RMB'000*	**2024** ***RMB'000***	Total *RMB'000*
Guaranteed revenue from principal business	60,000	72,000	**86,400**	218,400
Guaranteed net profit	3,000	4,500	**6,750**	14,250

The actual net profit of the Neusoft Yuetong Group is determined to be the lower of the net profit after tax attributable to the parent company before and after deduction of gains or losses from non-recurring items.

The performance guarantee sellers will be deemed to have completed the performance guarantee if (1) the actual net profit of Neusoft Yuetong Group in each Guarantee Year reaches or exceeds the guaranteed net profit for the year; or (2) the actual net profit of Neusoft Yuetong Group in a certain Guarantee Year is lower than the guaranteed net profit for the year, but (i) the actual revenue from the principal business for the year reaches or exceeds the guaranteed revenue from the principal business for the year, (ii) the actual net profit for the year is greater than 0, and (iii) the total actual net profit during all Guarantee Years reaches or exceeds the total guaranteed net profit of all Guarantee Years.

Neusoft Yuetong fails to satisfy any of the requirements set out in item (1) or (2) in the preceding paragraph throughout the Guarantee Year, the performance guarantee sellers were failed to complete the guaranteed performance. In this case, upon expiry of the Guarantee Year, the parties will calculate the performance compensation amount pursuant to the calculation formula, and each performance guarantee sellers shall make compensation to the Group.

Calculation Formula for Performance Compensation Amount

Performance compensation amount = (Total guaranteed net profit for the Guarantee Years – Total actual net profit for the Guarantee Years) ÷ Total guaranteed net profit for the Guarantee Years × (Equity Transfer Consideration of RMB80,000,000 – Audited net assets of Neusoft Yuetong Group at the end of the Guarantee Year). If the performance compensation amount is less than 0 upon calculation, no performance compensation will be required. If the audited net assets of Neusoft Yuetong Group at the end of the Guarantee Year are greater than RMB80,000,000 and the total actual net profit for the Guarantee Years is greater than the total guaranteed net profit for the Guarantee Years, no performance compensation will be required.

The performance compensation amount is therefore calculated with reference to the net assets of Neusoft Yuetong Group as at 31 December 2024 based on its latest financial statements. The final amount of consideration payable will be finalised upon the completion of audit of Neusoft Yuetong for the Guarantee Years.

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For the year ended 31 December 2024

34. SHARE CAPITAL

	2024			2023		
	No. of shares	US$	Equivalent to *RMB'000*	No. of shares	US$	Equivalent to *RMB'000*
Authorised:						
Ordinary shares of US$0.000001 each	50,000,000,000	50,000		50,000,000,000	50,000	
Issued and fully paid:						
At the beginning of the year	786,514,400	787	5	786,514,400	787	5
New shares issued	157,302,880	157	2	–	–	–
At the end of the reporting period	943,817,280	944	7	786,514,400	787	5

On 14 May 2024, the Company issued a total of 157,302,880 new ordinary shares under general mandate at the subscription price of HK$0.28 per share to independent third parties. The net proceeds from the subscription after deducting related expenses were approximately HK$43,600,000 (equivalent to approximately RMB39,661,000), which intended to replenish general working capital of the Group. These shares rank pari passu with the existing shares in all respects.

35. SHARE PREMIUM

	2024 *RMB'000*	2023 *RMB'000*
At beginning of the year	710,081	710,081
Issue of share capital	39,659	–
At the end of the reporting period	749,740	710,081

The share premium represents the difference between the par value of the shares issued and the consideration receivable, net of its issuance cost. Under the Companies Law of the Cayman Islands, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36. RESERVES

(a) Merger reserve

The merger reserve represents the difference between the aggregate of the paid-up share capital of the subsidiaries and the consideration paid by the Group for the business combination under common control.

(b) Special reserve

The amount of approximately RMB4,847,000 included in special reserve represents the disposal of Beijing Jiafutong Network Technology Co., Ltd. to Guanruitong which controlled by Mr. Zhai Shuchun, the controlling shareholder and executive director of the Company.

(c) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries of the Group, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

Statutory surplus reserve is non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

(d) Exchange fluctuation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(e) Property revaluation reserve

The property revaluation reserve was set up to deal with the surplus or deficit arising from the revaluation of properties when the existing properties become investment properties in accordance with the accounting policies adopted for property and equipment as set out in notes 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. RESERVES (CONTINUED)

(f) Treasury shares

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through the Stock Exchange but not yet cancelled as follows:

Month of repurchase	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Net consideration HK$'000
December 2024	5,952,800	0.430	0.365	2,473

The Company repurchased a total of 5,952,800 *(2023: Nil)* issued ordinary shares of the Company in the market with aggregate consideration net of related expenses of HK$2,473,000 (equivalent to approximately RMB2,317,000) *(2023: Nil)*. The treasury shares have been repurchased by the Company but the share cancellation has not yet been completed as at 31 December 2024. As a result, the nominal value of these shares was not deducted from the issued share capital of the Company. The total consideration paid for these shares repurchased was included in "treasury shares" under the consolidated statement of changes in equity. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

(g) Transactions with non-controlling interests reserve

Transactions with non-controlling interests reserve has been set up and is dealt with in accordance with the accounting policies adopted for the changes in the Group's ownership interest in a subsidiary which do not result in change in control as set out in note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. OTHER CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 *RMB'000*	2023 *RMB'000*
OPERATING ACTIVITIES		
Loss before tax	(96,068)	(70,971)
Adjustments for:		
Finance costs	1,969	1,323
Interest income	(9,077)	(8,944)
Share of results of an associate	(232)	(178)
Changes in fair value of equity investments at FVPL	11,326	(4,271)
Depreciation of property and equipment	2,198	3,099
Depreciation of right-of-use assets	6,868	7,347
Amortisation of intangible assets	51,651	43,247
Loss on disposal of property and equipment	16	1
Loss on early termination of the leases	127	-
Allowance for ECL on trade receivables	1,561	26,673
Allowance for ECL (Reversal of allowance for ECL) on contract assets	34	(967)
(Reversal of) impairment loss on investment in an associate	(1,838)	2,310
Changes in fair value of investment properties	–	21
Change in fair value of contingent consideration	–	(810)
Foreign exchange differences, net	252	906
	(31,213)	(1,214)
Increase in long-term deposits and prepayments	(5,638)	(434)
Decrease in inventories	338	80
Decrease (increase) in trade receivables	58,092	(39,032)
Decrease (increase) in contract assets	10,674	(1,866)
Increase in prepayments, deposits and other receivables	(1,836)	(3,994)
Decrease in amounts due from related parties	5,474	4,833
(Increase) decrease in pledged deposits	(3,221)	126
(Decrease) increase in trade payables	(10,947)	48,075
Increase in contract liabilities	1,244	4,437
Increase in other payables and accruals	1,060	1,220
Cash generated from operations	24,027	12,231

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For the year ended 31 December 2024

37. OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Dividend payables *RMB'000*	Lease liabilities *RMB'000*	Interest–bearing bank borrowings *RMB'000*
At 1 January 2023	–	16,011	19,000
Dividend payable	29,090	–	–
Net cash flows (Note)	(29,062)	(7,686)	(10,995)
New leases entered	–	19,797	–
Interest on lease liabilities	–	1,251	–
At 31 December 2023 and 1 January 2024	28	29,373	8,005
Net cash flows (Note)	(21)	(7,880)	11,995
Interest on lease liabilities	–	1,247	–
Early termination of the leases	–	(10,216)	–
Exchange difference, net	–	14	–
At 31 December 2024	**7**	**12,538**	**20,000**

Note: The net cash flows from lease liabilities represent the payment of principal element and interest of lease liabilities.

(c) Major non-cash transactions

For the year ended 31 December 2024, the Group had early terminated the leases which derecognised the right-of-use assets and lease liabilities of RMB10,343,000 and RMB10,216,000 *(2023: non-cash additions to right-of-use assets and lease liabilities of RMB19,797,000)*, in respect of lease arrangements for office buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related parties	Related party relationship	Nature of transaction	2024 RMB'000	2023 RMB'000
Guanruitong	Entity controlled by the controlling shareholder	Interest income related to disposal of a subsidiary	149	381
Beijing Heshun	Associate	Software development services	578	–

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments expose it to foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The directors generally adopt conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum. The directors reviews and agrees policies for managing each of these risks and they are summarised below:

Foreign currency risk

The Group mainly operates in PRC with majority of business transactions being denominated in RMB.

Certain financial assets of the Group are denominated in currencies other than the functional currency and therefore, exposed to foreign currency risk. The net carrying amounts of those financial assets and liabilities are analysed as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
HKD	27,009	29,586

The Group is not exposed to any significant foreign exchange rate risk as the HKD is pegged against the US$ (i.e. being the functional currency of several entities within the Group).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing bank borrowings and amount due from related party at 31 December 2024 and 2023. The Group's fair value interest rate risk mainly arises from the fluctuations of the market rates from banks.

The Group has not used any interest rate hedging policy to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2024, if interest rate on loan to interest bearing bank borrowing and amount due from related party had been increased/decreased by 50 basis points *(2023: 50 basis points)* with other variables held constant, loss *(2023: profit)* for the year would have been RMB77,000 *(2023: RMB6,000)* higher/lower *(2023: lower/higher)* as a result of higher/lower interest income.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, contract assets, amounts due from related parties, long-term deposits, deposits and other receivables and bank balance and cash. Substantially majority of the Group's cash and cash equivalents were deposited in the creditworthy global financial institutions and state-controlled financial institutions in the PRC and Hong Kong, which management considers they are without significant credit risk. The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of loss allowance, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not hold any collateral or other credit enhancements over its trade receivable and contract asset balances. Trade receivables and contract asset are non-interest-bearing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At the end of the reporting period, the Group had a concentration of credit risk as 14% *(2023:13%)* and 44% *(2023: 34%)* of the total trade receivables from third parties was due from the Group's largest third party debtor and the five largest third party debtors respectively.

The Group's customer base consists of a wide range of clients and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

An impairment analysis is performed at each reporting date using a loss rate approach to measure ECL under simplified approach. The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

For the contract assets, the loss rates for the measurement of the ECL of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases, and groupings of various customer segments with similar loss patterns (i.e., customer type and rating). These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Generally, trade receivables and contract assets are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

The information about the exposure to credit risk and ECL for trade receivables and contract assets using a provision matrix is summarised below.

Trade receivables

As at 31 December 2024

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Credit-impaired
Sovereign and public finance	35%	2,950	1,032	No
High tech industry	23%	145,487	33,549	No
Finance	10%	4,894	501	No
Transportation and consumer	78%	5,607	4,370	No
Healthcare and pharmaceuticals	19%	3,390	643	No
Bank	11%	41,637	4,783	No
		203,965	44,878	

As at 31 December 2023

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Credit-impaired
Sovereign and public finance	17%	6,519	1,088	No
High tech industry	18%	180,934	32,627	No
Finance	27%	7,405	1,978	No
Media: Advertising, printing and publishing	4%	8	–*	No
Transportation and consumer	57%	7,910	4,499	No
Healthcare and pharmaceuticals	17%	4,016	698	No
Metals and mining	5%	1,518	81	No
Bank	4%	53,556	2,346	No
		261,866	43,317	

* Less than RMB1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Contract assets

As at 31 December 2024

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Credit-impaired
Sovereign and public finance	0.30%	8,752	26	No
High tech industry	0.96%	53,410	514	No
Finance	0.74%	5,283	39	No
Media: Advertising, printing and publishing	3.55%	10	–*	No
Transportation and consumer	1.58%	3,130	50	No
Healthcare and pharmaceuticals	1.38%	9,118	126	No
Metals and mining	1.84%	4,043	74	No
Bank	0.09%	26,263	25	No
		110,009	854	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

<u>*Contract assets (Continued)*</u>

As at 31 December 2023

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Credit-impaired
Sovereign and public finance	0.28%	14,362	40	No
High tech industry	0.97%	35,859	348	No
Finance	0.72%	5,150	37	No
Media: Advertising, printing and publishing	3.61%	10	–*	No
Transportation and consumer	1.64%	6,234	102	No
Healthcare and pharmaceuticals	0.88%	11,200	99	No
Metals and mining	1.85%	3,736	69	No
Bank	0.28%	44,132	125	No
		120,683	820	

* Less than RMB1,000

As at 31 December 2024, the Group recognised loss allowance of RMB44,878,000 *(2023: RMB43,317,000)* and RMB854,000 *(2023: RMB820,000)* on the trade receivables and contract assets. The movement in the loss allowance for trade receivables and contract assets is summarised below.

	2024 *RMB'000*	2023 *RMB'000*
At beginning of year	**44,137**	18,431
Increase in allowance	**1,595**	25,706
At end of year	**45,732**	44,137

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Amounts due from related parties

The Group considers that the amounts due from related parties have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on amounts due from these parties is measured on 12-month ECL (Stage 1) and reflects the short maturities of the exposures. At 31 December 2024 and 2023, the directors considered the ECL of these financial assets to be insignificant and no loss allowance for provision for amounts due from these parties is recognised.

Long-term deposit, deposits and other receivables

The Group performs impairment assessment on Long-term deposit, deposits and other receivables based on 12-month ECL (Stage 1). The credit risk of the Group's long-term deposit, deposits and other receivables from default of the counterparties, with maximum exposure equal to the carrying amounts of these receivables. Individual credit limits are set based on the assessments of credit quality.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

As at 31 December 2024 and 2023, no loss allowance on these financial assets was determined as the sole director considered that the default rate and expected credit loss were immaterial.

Bank balance and cash

The Group considers the credit risk in respect of bank balances is minimal because the counterparties are authorised financial institutions with high credit rating.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and interest-bearing bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2024			
	On demand or within 1 year	**Over 1 year but within 2 years**	**Over 2 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Trade payables	**35,641**	**7,995**	**17,220**	**60,856**
Other payables and accruals	**1,795**	**–**	**–**	**1,795**
Interest-bearing bank borrowings	**20,376**	**–**	**–**	**20,376**
Lease liabilities	**4,424**	**3,858**	**5,770**	**14,052**
	62,236	**11,853**	**22,990**	**97,079**

	2023			
	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	54,081	3,981	13,679	71,741
Other payables and accruals	3,247	–	–	3,247
Interest-bearing bank borrowings	8,313	–	–	8,313
Lease liabilities	5,814	6,827	18,142	30,783
	71,455	10,808	31,821	114,084

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The amounts repayable under loan agreements that include a clause that gives the lenders the unconditional right to call the loan at any time are classified under the "on demand" bracket. In this regard, interest-bearing bank borrowings of RMB20,000,000 *(2023: RMB8,005,000)*, with the scheduled payment due date within 1 year, as at the end of the financial period have been so classified even though the directors do not expect that the lenders would exercise their rights to demand repayment and thus these borrowings would be repaid according to the following schedule as set out in the loan agreements:

	2024 *RMB'000*	2023 *RMB'000*
Interest-bearing bank borrowings		
Within 1 year	20,000	8,005

Equity price risk

The Group is exposed to price risks arising from equity investments held under financial asset at FVPL amounted to RMB51,595,000 *(2023: RMB30,100,000)*. The management has performed analysis of the nature of market risk associated with the investment. The sensitivity analysis has been determined based on the exposure to equity price risk. At the end of the reporting period, if the equity price to the valuation model had been 5% *(2023: Nil)* higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by RMB2,580,000 *(2023: RMB1,505,000)* due to change in the fair value of financial assets at FVPL.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period.

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40. CAPITAL MANAGEMENT

The Group's objective on managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group monitors its capital, which comprises all equity components, using a gearing ratio which is calculated on the basis of interest-bearing bank borrowings as a ratio of the equity attributable to owners of the Company. The debt-to-equity ratio at the end of the reporting period was as follows:

	2024 *RMB'000*	2023 *RMB'000*
Interest-bearing bank borrowings	20,000	8,005
Equity attributable to owners of the Company	739,268	786,971
Gearing ratio	2.7%	1.0%

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The follow table presents financial instruments measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial instruments into the three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial instruments. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial instruments is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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For the year ended 31 December 2024

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Assets and liabilities measured at fair value

31 December 2024	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Assets measured at fair value				
Financial assets at FVPL				
Listed equity investments	28,157	–	–	28,157
Unlisted equity investments	–	–	23,438	23,438
	28,157	–	23,438	51,595
Liabilities measured at fair value				
Financial liabilities at FVPL				
Contingent consideration	–	–	21,000	21,000

31 December 2023	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets measured at fair value				
Financial assets at FVPL				
Unlisted equity investments	–	–	30,100	30,100
Liabilities measured at fair value				
Financial liabilities at FVPL				
Contingent consideration	–	–	21,000	21,000

For the years ended 31 December 2024 and 2023, there were no transfers amongst level 1, level 2 and level 3 fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVPL *RMB'000*	Financial liabilities at FVPL *RMB'000*
At 1 January 2023	25,700	21,810
Change in fair value	4,271	–
Exchange adjustments	129	(810)
At 31 December 2023 and 1 January 2024	30,100	21,000
Change in fair value	(6,873)	–
Exchange adjustments	211	–
At 31 December 2024	**23,438**	**21,000**

The financial instruments measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	**Fair value as at 31 December**		**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**
	2024 ***RMB'000***	2023 *RMB'000*			
Financial assets at FVPL					
Unlisted equity investments - Fuhuajiaxin	**17,600**	21,600	Level 3	Market approach - in this approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable.	Price-to-sales ratio, taking into account management's experience and knowledge of market conditions of the comparable companies with their revenue from the same or similar industry, ranging from 3.23x to 7.01x *(2023: 4.96x to 10.77x). (Note 1)* Discount for lack of marketability of 15.6% *(2023: 15.7%). (Note 1)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements (Continued)

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2024 *RMB'000*	2023 *RMB'000*			
Financial assets at FVPL (continued)					
Unlisted equity investments – Biomed *	**5,838**	8,500	Level 3	Market approach – in this approach considers public offering price which is to be listed on Nasdaq Capital Market *(2023: Market approach– in this approach consider prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable).*	The initial public offering ("IPO") price of US$ 4.00 per share *(2023: Price-to-sales ratio, taking into account management's experience and knowledge of market conditions of the comparable companies with their revenue from the same or similar industry, ranging from 4.96x to 10.77x). (Note 1)*
					Discount for lack of marketability of 10.8% *(2023: 15.7%). (Note 1)*

* On 6 March 2025, the common stock of Biomed approved for listing on the Nasdaq Capital Market at a public offering price of US$4 per share. The fair value measurement will be reclassified from Level 3 to Level 1 under HKFRS 13 when the quoted prices in active markets for Biomed can be obtained through Nasdaq Capital Market upon successful Listing subsequent to the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements (Continued)

Financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2024 *RMB'000*	2023 *RMB'000*			
Financial liabilities at FVPL					
Contingent consideration	**21,000**	21,000	Level 3	Performance compensation calculation method – based on the financial performance during all Guarantee Years *(2023: Scenario analysis method – is a process of examining and evaluating possible events or scenarios that could take place in the future and predicting the various feasible results or possible outcomes).*	Net assets and total actual net profits for the Guarantee Years *(2023: Discount rate of 14%, probability-adjusted revenues and profits, with a range from RMB216,654,000 to RMB234,298,000 and a range from RMB5,061,000 to RMB6,459,000 respectively). (Note 2)*

Note 1: An increase in the price-to-sales ratio used in isolation would result in an increase in the fair value measurement of the unlisted equity investments, and vice versa. A 5% increase in the price-to-sales ratio in Fuhuajiaxin *(2023: Fuhuajiaxin and Biomed)* and 5% increase in the IPO price per share of Biomed holding all other variables constant would increase the carrying amount of the shares by RMB980,000 *(2023: RMB900,000)* and RMB260,000 respectively. An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unlisted equity investments, and vice versa.

Note 2: An increase in the net asset value and total actual net profits *(2023: discount rate)* used in isolation would result in a decrease in the fair value measurement of the contingent consideration, and vice versa. A 5% *(2023:1%)* increase in the net asset value and total actual net profits *(2023: discount rate)* holding all other variables constant would decrease the carrying amount of the contingent consideration by RMB5,141,000 and RMB274,000 *(2023: RMB270,000)* respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ establishment and operation	Issued and fully paid up capital/ registered capital	Equity interests attributable to the Group		Principal activities
			Direct	Indirect	
Newlink Holdings Limited	British Virgin Islands	US$1	100%	–	Investment holding
Newlink Technology Holdings (Hong Kong) Limited	Hong Kong	HKD1	–	100%	Investment holding
紐領科技(北京)有限公司 Newlink Technology (Beijing) Co., Ltd.* ("Newlink Technology (Beijing)")	The PRC	US$15,000,000	–	100%	Investment holding
北京新紐科技有限公司 Beijing Newlink Technology Company Limited* ("Beijing Newlink")	The PRC	RMB102,030,405	–	100%	Software development and maintenance
北京新紐醫訊科技有限公司 Beijing Newlink Healthcare Information Technology Company Limited* ("Newlink Healthcare") *(Note i)*	The PRC	RMB30,000,000	–	100%	Software development and maintenance
海南新紐科技有限公司 Hainan Newlink Technology Co., Ltd.*	The PRC	RMB10,000,000	–	100%	Software development and maintenance
成都新紐科技有限公司 Chengdu Newlink Technology Co., Ltd. ("Chengdu Newlink")*	The PRC	RMB10,000,000	–	80%	Inactive
北京東軟越通軟件技術有限公司 Neusoft Yuetong*	The PRC	RMB41,952,884	–	100%	Software development and maintenance
東軟越通軟件技術(大連)有限公司 Neusoft Yuetong Software Technology (Dalian) Co., Ltd.* ("Neusoft Dalian")	The PRC	RMB5,000,000	–	100%	Software development and maintenance
上海新紐益泰科技有限公司 Shanghai Newlink Yitai Technology Co., Ltd.* ("Shanghai Newlink")	The PRC	RMB10,000,000	–	100%	Inactive
山西新紐智訊科技 Shanxi Newlink Zhixun Technology Co., Ltd. ("Shanxi Newlink")	The PRC	RMB700,000	–	70%	Software development and maintenance
深圳市新紐科技技術有限公司 Shengzhen Newlink Technology Co., Ltd. ("Shenzhen Newlink")	The PRC	RMB500,000	–	100%	Inactive

* English translation for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. SUBSIDIARIES (CONTINUED)

Note (i)

Change in ownership interest in a subsidiary without change in control

On 31 March 2024, the Group acquired the remaining 10% of the issued shares of Newlink Healthcare for a purchase consideration of RMB1,500,000, and Newlink Healthcare become the wholly owned subsidiary of the Group. The carrying amount of the non-controlling interests in Newlink Healthcare on the date of acquisition was RMB1,507,000. The Group derecognised non-controlling interests of RMB1,507,000 and recognised directly in "transactions with non-controlling interest reserve" within the equity of RMB7,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

43. COMPARATIVE FIGURES

The interest received of RMB8,944,000 and interest paid of interest-bearing bank borrowings and lease liabilities of RMB1,323,000 that was included in cash flows under operating activities for the year ended 31 December 2023 were reclassified as cash flows under investing activities and financing activities in the consolidated statement of cash flows respectively in order to align with the current year presentation. These reclassifications have no effect on the reported financial position and results of the Group. For the consolidated statement of cash flows for the year ended 31 December 2023, the net cash from operating activities decreased by RMB7,621,000, the net cash used in financing activities increased by RMB1,323,000 and the net cash used in investing activities decreased by RMB8,944,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the Companies Ordinance, the statement of financial position of the Company and the movements in its reserves is set out below:

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment in a subsidiary		–*	–*
Equity investment at fair value through profit or loss		5,838	8,500
		5,838	8,500
Current assets			
Equity investments at fair value through profit or loss		28,157	–
Prepayments, deposits and other receivables		346	423
Amounts due from subsidiaries		485,939	541,634
Bank balances and cash		219,153	207,303
		733,595	749,360
Current liabilities			
Other payables and accruals		1,335	1,883
Dividend payable		7	28
Amounts due to subsidiaries		11,272	10,722
		12,614	12,633
Net current assets		720,981	736,727
Total assets less current liabilities		726,819	745,227
Non-current liability			
Deferred tax liability		-	177
Net assets		726,819	745,050
Capital and reserves			
Share capital		7	5
Reserves	44(a)	726,812	745,045
Total equity		726,819	745,050

* Less than RMB1,000

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

Zhai Shuchun
Director

Qin Yi
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Movements of the reserves

	Share premium *RMB'000*	Exchange fluctuation reserve *RMB'000*	Treasury shares *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2023	710,081	48,470	–	(14,993)	743,558
Profit for the year	–	–	–	17,226	17,226
Other comprehensive income					
Exchange differences on translation from functional currency to presentation currency	–	13,351	–	–	13,351
Total comprehensive income for the year	–	13,351	–	17,226	30,577
Transactions with owners:					
Contributions and distributions					
Dividends to owners	–	–	–	(29,090)	(29,090)
At 31 December 2023 and 1 January 2024	710,081	61,821	–	(26,857)	745,045
Loss for the year	–	–	–	(79,482)	(79,482)
Other comprehensive income					
Exchange differences on translation from functional currency to presentation currency	–	23,907	–	–	23,907
Total comprehensive income (loss) for the year	–	23,907	–	(79,482)	(55,575)
Transactions with owners:					
Contributions and distributions					
Issue of share capital	39,659	–	–	–	39,659
Repurchase of issued shares	–	–	(2,317)	–	(2,317)
	39,659	–	(2,317)	–	37,342
At 31 December 2024	**749,740**	**85,728**	**(2,317)**	**(106,339)**	**726,812**